

### Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	678.60	678.60	693.08	693.08	678.60	693.08	14.48	2.13%
Personal Services	35,172,548	38,623,024	38,940,096	39,074,352	73,795,572	78,014,448	4,218,876	5.72%
Operating Expenses	27,384,975	28,089,797	30,338,861	30,385,641	55,474,772	60,724,502	5,249,730	9.46%
Equipment & Intangible Assets	1,060,192	696,774	915,212	915,212	1,756,966	1,830,424	73,458	4.18%
Capital Outlay	166,889	0	166,889	166,889	166,889	333,778	166,889	100.00%
Grants	1,032,521	1,535,807	985,521	985,521	2,568,328	1,971,042	(597,286)	(23.26%)
Benefits & Claims	4,850	6,188	4,850	4,850	11,038	9,700	(1,338)	(12.12%)
Transfers	24,374	99,652	99,652	99,652	124,026	199,304	75,278	60.70%
<b>Total Costs</b>	<b>\$64,846,349</b>	<b>\$69,051,242</b>	<b>\$71,451,081</b>	<b>\$71,632,117</b>	<b>\$133,897,591</b>	<b>\$143,083,198</b>	<b>\$9,185,607</b>	<b>6.86%</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	50,860,770	53,604,968	56,134,605	56,237,904	104,465,738	112,372,509	7,906,771	7.57%
Federal Special	13,985,579	15,446,274	15,316,476	15,394,213	29,431,853	30,710,689	1,278,836	4.35%
<b>Total Funds</b>	<b>\$64,846,349</b>	<b>\$69,051,242</b>	<b>\$71,451,081</b>	<b>\$71,632,117</b>	<b>\$133,897,591</b>	<b>\$143,083,198</b>	<b>\$9,185,607</b>	<b>6.86%</b>

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### Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	678.60	692.08	693.08	1.00	692.08	693.08	1.00	
Personal Services	35,172,548	38,746,205	38,940,096	193,891	38,880,301	39,074,352	194,051	387,942
Operating Expenses	27,384,975	30,484,742	30,338,861	(145,881)	30,532,679	30,385,641	(147,038)	(292,919)
Equipment & Intangible Assets	1,060,192	915,212	915,212	0	915,212	915,212	0	0
Capital Outlay	166,889	166,889	166,889	0	166,889	166,889	0	0
Grants	1,032,521	985,521	985,521	0	985,521	985,521	0	0
Benefits & Claims	4,850	4,850	4,850	0	4,850	4,850	0	0
Transfers	24,374	99,652	99,652	0	99,652	99,652	0	0
<b>Total Costs</b>	<b>\$64,846,349</b>	<b>\$71,403,071</b>	<b>\$71,451,081</b>	<b>\$48,010</b>	<b>\$71,585,104</b>	<b>\$71,632,117</b>	<b>\$47,013</b>	<b>\$95,023</b>
General Fund	0	0	0	0	0	0	0	0
State/Other Special	50,860,770	56,147,428	56,134,605	(12,823)	56,264,706	56,237,904	(26,802)	(39,625)
Federal Special	13,985,579	15,255,643	15,316,476	60,833	15,320,398	15,394,213	73,815	134,648
<b>Total Funds</b>	<b>\$64,846,349</b>	<b>\$71,403,071</b>	<b>\$71,451,081</b>	<b>\$48,010</b>	<b>\$71,585,104</b>	<b>\$71,632,117</b>	<b>\$47,013</b>	<b>\$95,023</b>

The legislature approved a biennial budget \$95,000 higher than the executive request. The increase can be attributed to a decision to provide \$125,000 each year of the biennium for pay adjustments for biologists in the Wildlife Division. This increase was offset by the non-approval of decision packages related to funding a 0.5 attorney in the Attorney General's office, and the energy development planning process.

**Agency Highlights**

<b>Department of Fish, Wildlife and Parks Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislative budget increases 6.8 percent over the 2009 biennium are due primarily to statewide present law adjustments</li> <li>◆ The legislature approved adding an additional 14.4 permanent FTE and approved modified FTE for the game damage program</li> <li>◆ The legislature is requesting an annual performance report on the public fishing access program</li> <li>◆ The general license account is predicted to have a \$25.4 million balance at the end of the biennium</li> <li>◆ The legislature did not approve additional funding for a position in the attorney general office and the energy development program</li> </ul>	

**Agency Discussion**

The legislature conditioned the 2011 biennium budget as one-time only. If this condition is maintained throughout the legislative process, the department's base budget for the purpose of building the 2013 biennium budget will be zero.

*Recommendations for funding in the Stimulus bill – None*

*Recommended Companion Legislation- None*

*Goals and Objectives -*

The legislature required that the agency provide a report at the end of each license year regarding the success of the Private Fishing Lands Access (DP302), measured in terms of landowner participation, locations and angler participation to the Environmental Quality Council.

**Funding**

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget				
Agency Program	State Spec.	Fed Spec.	Grand Total	Total %
01 Information Services Division	\$ 9,103,144	\$ 248,248	\$ 9,351,392	6.54%
02 Field Services Division	20,750,050	995,843	21,745,893	15.20%
03 Fisheries Division	10,567,893	16,600,266	27,168,159	18.99%
04 Enforcement Division	18,115,588	707,826	18,823,414	13.16%
05 Wildlife Division	10,718,467	9,915,628	20,634,095	14.42%
06 Parks Division	17,391,018	567,344	17,958,362	12.55%
08 Communication And Education Div	5,800,601	1,444,164	7,244,765	5.06%
09 Management And Finance	<u>19,925,748</u>	<u>231,370</u>	<u>20,157,118</u>	<u>14.09%</u>
Grand Total	<u>\$ 112,372,509</u>	<u>\$ 30,710,689</u>	<u>\$ 143,083,198</u>	<u>100.00%</u>

The department's biennial budget of \$143 million consists of 78 percent state special revenue and 22 percent federal special revenue.

The state special revenue sources are primarily license revenues, light vehicle registration, and gasoline tax funding. General license revenues are used to support operations of the department, while all other state special revenue has been earmarked for a specific purpose and is used in that manner.

*General License Account*

The department’s main source of funding is the general license account (GLA). Fees collected for the privilege of hunting and fishing that are not otherwise earmarked are deposited to the GLA. The amount available for appropriation from the GLA is dependent upon license revenues, interest earned, capital appropriations, and the demand for funds within the department. The proposed biennium budget of \$143 million is funded with \$82.9 million of general license dollars. The health of this fund is central to the operation of the department. Figure 1 summarizes the condition of the fund based on the legislative budget.

FWP General License Account -- Estimate Available Fund Balance				
2011 Biennium Legislative Budget				
	Actual	Appropriated	Legislative Budget	
	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Beginning Balance	\$31,326,760	\$34,215,175	\$29,648,660	\$25,973,032
License Revenue	31,464,867	32,777,244	32,777,244	33,163,844
Other Revenue	8,211,404	6,547,137	6,494,608	6,323,079
Total Funds Available	71,003,031	73,539,556	68,920,512	65,459,955
Disbursements				
Program Expenditures	36,848,164	39,234,359	39,611,971	39,624,363
Continuing Capital Costs	1,531,673	4,503,074	3,000,000	0
LRB Projects	24,674	153,463	0	0
Carry Forward Appropriations	0	0	0	0
Proposed Executive Pay Plan	0	0		
Budget Proposals (PL & NP)	0	0	335,509	388,631
Total Disbursements	38,404,511	43,890,896	42,947,480	40,012,994
Adjustments (Prior Year Revenue)	1,616,655	0	0	0
Available Ending Balance	<u>\$34,215,175</u>	<u>\$29,648,660</u>	<u>\$25,973,032</u>	<u>\$25,446,961</u>

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	64,846,349	64,846,349	129,692,698	90.64%
Statewide PL Adjustments	0	0	0	0.00%	5,092,573	5,170,829	10,263,402	7.17%
Other PL Adjustments	0	0	0	0.00%	1,867,471	1,977,061	3,844,532	2.69%
New Proposals	0	0	0	0.00%	(355,312)	(362,122)	(717,434)	(0.50%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$71,451,081</b>	<b>\$71,632,117</b>	<b>\$143,083,198</b>	

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	35.00	35.00	39.50	39.50	35.00	39.50	4.50	12.86%
Personal Services	2,254,989	2,405,825	2,608,331	2,617,239	4,660,814	5,225,570	564,756	12.12%
Operating Expenses	1,694,064	1,804,930	1,941,982	1,938,718	3,498,994	3,880,700	381,706	10.91%
Equipment & Intangible Assets	28,172	24,500	53,172	53,172	52,672	106,344	53,672	101.90%
Grants	69,389	69,389	69,389	69,389	138,778	138,778	0	0.00%
<b>Total Costs</b>	<b>\$4,046,614</b>	<b>\$4,304,644</b>	<b>\$4,672,874</b>	<b>\$4,678,518</b>	<b>\$8,351,258</b>	<b>\$9,351,392</b>	<b>\$1,000,134</b>	<b>11.98%</b>
State Special	3,922,115	4,145,092	4,549,208	4,553,936	8,067,207	9,103,144	1,035,937	12.84%
Federal Special	124,499	159,552	123,666	124,582	284,051	248,248	(35,803)	(12.60%)
<b>Total Funds</b>	<b>\$4,046,614</b>	<b>\$4,304,644</b>	<b>\$4,672,874</b>	<b>\$4,678,518</b>	<b>\$8,351,258</b>	<b>\$9,351,392</b>	<b>\$1,000,134</b>	<b>11.98%</b>

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**Funding**

The division receives 97 percent of its funding from the general license account. The remaining funding is from federal grants to provide additional support to the licensing system.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	4,046,614	4,046,614	8,093,228	86.55%
Statewide PL Adjustments	0	0	0	0.00%	648,096	657,727	1,305,823	13.96%
Other PL Adjustments	0	0	0	0.00%	53,694	49,993	103,687	1.11%
New Proposals	0	0	0	0.00%	(75,530)	(75,816)	(151,346)	(1.62%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$4,672,874</b>	<b>\$4,678,518</b>	<b>\$9,351,392</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					262,702					272,167
Vacancy Savings					(100,707)					(101,088)
Inflation/Deflation					5,337					5,884
Fixed Costs					480,764					480,764
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$641,465</b>	<b>\$6,631</b>	<b>\$648,096</b>		<b>\$0</b>	<b>\$650,138</b>	<b>\$7,589</b>	<b>\$657,727</b>
DP 101 - IS- Contracted Services to FTE-OTO	3.00	0	0	0	0	3.00	0	0	0	0
DP 102 - Information Services, Modified FTE-OTO	1.50	0	0	0	0	1.50	0	0	0	0
DP 103 - Core Technology Replacement- R	0.00	0	53,700	0	53,700	0.00	0	50,000	0	50,000
DP 7101 - Fuel Inflation Reduction	0.00	0	(6)	0	(6)	0.00	0	(7)	0	(7)
<b>Total Other Present Law Adjustments</b>	<b>4.50</b>	<b>\$0</b>	<b>\$53,694</b>	<b>\$0</b>	<b>\$53,694</b>	<b>4.50</b>	<b>\$0</b>	<b>\$49,993</b>	<b>\$0</b>	<b>\$49,993</b>
<b>Grand Total All Present Law Adjustments</b>	<b>4.50</b>	<b>\$0</b>	<b>\$695,159</b>	<b>\$6,631</b>	<b>\$701,790</b>	<b>4.50</b>	<b>\$0</b>	<b>\$700,131</b>	<b>\$7,589</b>	<b>\$707,720</b>

DP 101 - IS- Contracted Services to FTE-OTO - The legislature approved redirection of operations authority currently utilized for contracted services to personal services in order to establish 3.00 FTE. During the base year the division utilized contracted staff for day-to-day development and support work. This request would convert contract services into permanent FTE.

DP 102 - Information Services, Modified FTE-OTO - The legislature approved a conversion of 1.50 modified FTE to permanent FTE.

DP 103 - Core Technology Replacement- RST- The legislature approved authority to replace aging core information technology infrastructure in FWP facilities. This expands state network use and services to three area offices located in Dillon, Thompson Falls, and Conrad.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increase Vacancy Savings to 7%										
01	0.00	0	(68,066)	(7,464)	(75,530)	0.00	0	(68,310)	(7,506)	(75,816)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$68,066)</b>	<b>(\$7,464)</b>	<b>(\$75,530)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$68,310)</b>	<b>(\$7,506)</b>	<b>(\$75,816)</b>

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	46.05	46.05	46.05	46.05	46.05	46.05	0.00	0.00%
Personal Services	2,194,034	2,419,894	2,373,615	2,383,770	4,613,928	4,757,385	143,457	3.11%
Operating Expenses	7,356,717	7,429,483	8,389,936	8,456,556	14,786,200	16,846,492	2,060,292	13.93%
Equipment & Intangible Assets	35,476	6,458	35,476	35,476	41,934	70,952	29,018	69.20%
Grants	30,682	30,681	30,682	30,682	61,363	61,364	1	0.00%
Benefits & Claims	4,850	6,188	4,850	4,850	11,038	9,700	(1,338)	(12.12%)
<b>Total Costs</b>	<b>\$9,621,759</b>	<b>\$9,892,704</b>	<b>\$10,834,559</b>	<b>\$10,911,334</b>	<b>\$19,514,463</b>	<b>\$21,745,893</b>	<b>\$2,231,430</b>	<b>11.43%</b>
State Special	9,159,392	9,413,644	10,342,445	10,407,605	18,573,036	20,750,050	2,177,014	11.72%
Federal Special	462,367	479,060	492,114	503,729	941,427	995,843	54,416	5.78%
<b>Total Funds</b>	<b>\$9,621,759</b>	<b>\$9,892,704</b>	<b>\$10,834,559</b>	<b>\$10,911,334</b>	<b>\$19,514,463</b>	<b>\$21,745,893</b>	<b>\$2,231,430</b>	<b>11.43%</b>

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**Funding**

The Field Services Division’s primary funding sources are portions of the variable-rate hunting licenses and the general license account. These sources provide funding for the hunting access enhancement and hunter management program within the Block Management Program. Lesser amounts come from the Coal Tax Trust interest and Wildlife Habitat Trust interests. Federal funding consists of Pitman-Robertson funds derived from excise taxes on sporting fire arms and ammunition. This funding requires a minimum match of 25 percent that is provided by license revenues.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	9,621,759	9,621,759	19,243,518	88.49%
Statewide PL Adjustments	0	0	0	0.00%	315,570	333,247	648,817	2.98%
Other PL Adjustments	0	0	0	0.00%	973,797	1,033,222	2,007,019	9.23%
New Proposals	0	0	0	0.00%	(76,567)	(76,894)	(153,461)	(0.71%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$10,834,559</b>	<b>\$10,911,334</b>	<b>\$21,745,893</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					358,238					369,159
Vacancy Savings					(102,090)					(102,529)
Inflation/Deflation					71,428					78,623
Fixed Costs					(12,006)					(12,006)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$305,687</b>	<b>\$9,883</b>	<b>\$315,570</b>		<b>\$0</b>	<b>\$322,832</b>	<b>\$10,415</b>	<b>\$333,247</b>
DP 201 - Block Management-OTO	0.00	0	850,000	0	850,000	0.00	0	850,000	0	850,000
DP 202 - Taxes and Leases	0.00	0	75,126	19,865	94,991	0.00	0	118,342	30,949	149,291
DP 203 - Game Damage Herders- OTO/R	0.00	0	23,000	0	23,000	0.00	0	23,000	0	23,000
DP 204 - Aircraft Rate Adjustment	0.00	0	6,299	0	6,299	0.00	0	11,496	0	11,496
DP 7101 - Fuel Inflation Reduction	0.00	0	(492)	(1)	(493)	0.00	0	(563)	(2)	(565)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$953,933</b>	<b>\$19,864</b>	<b>\$973,797</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,002,275</b>	<b>\$30,947</b>	<b>\$1,033,222</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,259,620</b>	<b>\$29,747</b>	<b>\$1,289,367</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,325,107</b>	<b>\$41,362</b>	<b>\$1,366,469</b>

DP 201 - Block Management-OTO - The legislature approved one-time only authority for the hunting access enhancement program of \$850,000 in each of FY 2010 and FY2011, funded with state special revenue from the outfitter-sponsored non-resident big game combination license (B-10) and non-resident deer combination licenses (B-11). These licenses are set at a market rate intended to sell as close to but not more than an average of 5,500 B-10 licenses and 2,300 B-11 licenses each year, calculated over a 5 year period. As demand for the licenses increase so has the cost per license creating additional revenues for this program.

DP 202 - Taxes and Leases - The legislature increased budget authority to cover tax liabilities for department lands and continue adjustments based upon the current rate of increase in tax payments for FY 2010 and FY 2011.

DP 203 - Game Damage Herders- OTO/R - The legislature approved one-time only restricted authority of \$23,000 in operations to the game damage program. The program hires local area ranch hands as short term workers under a modified level FTE to herd game animals away from crops and stored hay/grain as a means to mitigate game damage on private property in certain locations.

DP 204 - Aircraft Rate Adjustment - The legislature approved additional authority for department aircraft rental. Program staff who utilize department aircraft are assessed a fee for the hours flown. All rental revenue generated is used to maintain those aircraft.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----				
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special
DP 8101 - Increase Vacancy Savings to 7% 02	0.00	0	(76,567)	0	(76,567)	0.00	0	(76,894)	0	(76,894)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$76,567)</b>	<b>\$0</b>	<b>(\$76,567)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$76,894)</b>	<b>\$0</b>	<b>(\$76,894)</b>

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Proprietary Rates – Aircraft Program**

**Program Description**

The department maintains and operates a fleet of aircraft available to department employees to conduct business. This may include aerial assessments, animal survey work, and employee transportation. Programs are billed on a monthly basis for hours flown during the previous month.

The statewide present law adjustments were concurred in when rates for the program were approved.

**Proprietary Rates**

Refer to section R of HB 2 for the approved rates.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	145.44	145.44	147.19	147.19	145.44	147.19	1.75	1.20%
Personal Services	7,430,128	8,276,048	8,139,326	8,161,963	15,706,176	16,301,289	595,113	3.79%
Operating Expenses	4,894,962	4,767,946	5,083,606	5,111,262	9,662,908	10,194,868	531,960	5.51%
Equipment & Intangible Assets	336,001	321,397	336,001	336,001	657,398	672,002	14,604	2.22%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	0	70,000	0	0	70,000	0	(70,000)	(100.00%)
<b>Total Costs</b>	<b>\$12,661,091</b>	<b>\$13,435,391</b>	<b>\$13,558,933</b>	<b>\$13,609,226</b>	<b>\$26,096,482</b>	<b>\$27,168,159</b>	<b>\$1,071,677</b>	<b>4.11%</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	4,855,689	5,084,194	5,273,344	5,294,549	9,939,883	10,567,893	628,010	6.32%
Federal Special	7,805,402	8,351,197	8,285,589	8,314,677	16,156,599	16,600,266	443,667	2.75%
<b>Total Funds</b>	<b>\$12,661,091</b>	<b>\$13,435,391</b>	<b>\$13,558,933</b>	<b>\$13,609,226</b>	<b>\$26,096,482</b>	<b>\$27,168,159</b>	<b>\$1,071,677</b>	<b>4.11%</b>

**Page Reference**

Legislative Budget Analysis, C-19

**Funding**

The division is funded with 60 percent federal revenues, the largest source of which is the Wallup-Breaux program for sport fish restoration. Excise taxes on fishing rods, reels, creels, lures, flies, and artificial bait provide funding for the program. General license dollars contribute 35 percent of the division’s funding and are used for fish restoration and hatchery support. The balance of the funding is from the warm water fish stamp earmarked for the operations of the Fort Peck Hatchery, and the federally funded state wildlife grant program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	12,661,091	12,661,091	25,322,182	93.21%
Statewide PL Adjustments	0	0	0	0.00%	1,013,087	1,057,639	2,070,726	7.62%
Other PL Adjustments	0	0	0	0.00%	18,611	25,048	43,659	0.16%
New Proposals	0	0	0	0.00%	(133,856)	(134,552)	(268,408)	(0.99%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$13,558,933</b>	<b>\$13,609,226</b>	<b>\$27,168,159</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2010					Fiscal 2011				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,224,221					1,248,539
Vacancy Savings					(346,167)					(347,152)
Inflation/Deflation					154,688					175,907
Fixed Costs					(19,655)					(19,655)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$455,207</b>	<b>\$557,880</b>	<b>\$1,013,087</b>		<b>\$0</b>	<b>\$472,917</b>	<b>\$584,722</b>	<b>\$1,057,639</b>
DP 302 - Private Lands Fishing Access-OTO/R	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 304 - Aircraft Rate Adjustment	0.00	0	5,666	5,231	10,897	0.00	0	10,342	9,546	19,888
DP 7101 - Fuel Inflation Reduction	0.00	0	(6,379)	(10,907)	(17,286)	0.00	0	(7,320)	(12,520)	(19,840)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$24,287</b>	<b>(\$5,676)</b>	<b>\$18,611</b>	<b>0.00</b>	<b>\$0</b>	<b>\$28,022</b>	<b>(\$2,974)</b>	<b>\$25,048</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$479,494</b>	<b>\$552,204</b>	<b>\$1,031,698</b>	<b>0.00</b>	<b>\$0</b>	<b>\$500,939</b>	<b>\$581,748</b>	<b>\$1,082,687</b>

DP 302 - Private Lands Fishing Access-OTO/R - The legislature approved a restricted, one-time only expansion of the Private Land Fishing Access (PLFA) program. This program reimburses landowners for costs associated with allowing public access for fishing. Current funding for this program is \$25,000 per year and this addition increases base funding to \$50,000 per year. Performance monitoring was requested.

*The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification**

Public demand for fishing access cannot be fully met on public lands. Funding associated with this proposal will be used to improve fishing access on private lands. Additionally, funds would be used to enhance safety along right-of-ways, assure landowner concerns on fencing, and balance private land use with public angling opportunities.

**Project Outcome(s)**

Increased public access opportunities on private land and reduced conflict between landowners and users.

**Performance Criteria**

Success will be measured by evaluating the number of sites obtained or improved, the speed with which projects are implemented, and the time period within which they are completed. The FAS coordinator in the Parks Division will do performance monitoring.

**Milestones**

Funds provided will be expended on no fewer than three sites before the end of FY 2010.

**FTE**

The program will be implemented with existing FWP staff. There is no new FTE attached to this funding proposal.

**Funding**

The source of the funding for this initiative is the general license account. Depending on the number and locations of sites where improvements may be needed, it is likely that the amount of funding will need to be increased in future fiscal years.

**Challenges**

The most significant challenge will be the establishment and execution of projects in a timely, low cost manner.

**Risk**  
 If the proposal is not adopted, the access situation will remain as status quo. As land ownership changes in Montana and angler access becomes a more important issue, demand continues to rise.

DP 304 - Aircraft Rate Adjustment - The legislature approved additional authority for department aircraft rental. Program staff who utilize department aircraft are assessed a fee for the hours flown. All rental revenue generated is used to maintain those aircraft.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - Invasive Species Program										
03	1.75	0	31,278	94,485	125,763	1.75	0	31,297	94,510	125,807
DP 8101 - Increase Vacancy Savings to 7%										
03	0.00	0	(93,117)	(166,502)	(259,619)	0.00	0	(93,376)	(166,983)	(260,359)
<b>Total</b>	<b>1.75</b>	<b>\$0</b>	<b>(\$61,839)</b>	<b>(\$72,017)</b>	<b>(\$133,856)</b>	<b>1.75</b>	<b>\$0</b>	<b>(\$62,079)</b>	<b>(\$72,473)</b>	<b>(\$134,552)</b>

DP 301 - Invasive Species Program - The legislature approved 1.75 FTE and related authority to continue the Aquatic Nuisance Species Program (ANS). The current funding from the U.S Fish and Wildlife Service is declining and the Pacific State Marine Fisheries Commission funding is scheduled to end in FY 2009. The addition replaces the expiring funding with general license dollars (43 percent) and federal Pittman Robertson funds (57 percent).

*The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:**

This proposal implements FWP’s responsibilities under the Governor's Weed/Invasive Species initiative and will make permanent FWP's current Aquatic Nuisance Species Program.

FWP is responsible for managing recreational opportunities for anglers and for protecting the aquatic resources and ecosystems in Montana. The current ANS program is funded with a grant from the US Fish and Wildlife Service and additional financial support from the Pacific States Marine Fisheries Commission (PSMFC). The ANS Program is responsible for all public outreach, monitoring, and detecting of ANS in waters of the State of Montana; determining and implementing appropriate responses to ANS introductions; and coordinating with other intrastate, interstate, and national nuisance and invasive species efforts.

The USFWS funding has declined from \$75,000 in FY 2003 to \$43,000 in FY 2008, and is expected to continue to decline. PSMFC funding will end in FY 2009. By FY 2010, there will be insufficient funding to support the existing FTE needed for this program. This request will provide new base funding to support 1.75 FTE currently allocated to the ANS Program as modified FTE and provide operations to support the program.

**Project Outcome(s)**

- o Educate anglers about the spread of nuisance species. Public outreach will include: signs at all river, lake, and reservoir access sites; booths at outdoor shows; interacting one-on-one with anglers and boaters at access sites; several public presentations at special interest group meetings, universities, lake home owner associations and others; and brochures at all Fish, Wildlife and Parks offices and traveler information systems

- Coordinate with other states and agencies in an effort to be proactive in preventing and/or managing aquatic nuisance species while providing maximum recreational opportunities for angling in Montana
- Protect the aquatic resources of Montana from the introduction ANS and, if established, reduce the further spread of these organisms
- Continue the boat inspection program that was established in 2004
- Provide Hazard Analysis and Critical Control Point (HAACP) training for department personnel and other agencies.
- Continue sampling for the presence of ANS and monitoring established population as needed
- Provide ANS inspection and certification of state and private hatcheries
- Evaluate fish and egg transfers and import requests for ANS risks
- Maintain FWP's ANS website

#### Performance Criteria

Performance criteria will include numbers of angler/boater contacts made, sampling/monitoring inspections, and of presentations given on ANS-related subjects. Measurable objectives will include the production of ANS-related education materials and presentations given, meeting annual reporting requirements, and the level of prevention and spread of ANS species in Montana.

#### Milestones

The 0.75 FTE will be hired in time to begin fieldwork commencing in the summer of 2009. Presentations, production of education/outreach materials, reporting, and program coordination are ongoing. Field monitoring and sampling, sample processing, and hatchery inspections and certification occur from May through September.

#### FTE

The ANS program is currently managed by FTE that has been funded with several budget amendments for the past four years. The same highly qualified person will continue to manage the ANS program and will hire the most experienced seasonal field help available. The manager will coordinate with other states and agencies and will supervise statewide field sampling, monitoring, and educational programs. Seasonal field technicians will monitor/sample susceptible, suspected, or positive waters; present educational programs; and conduct laboratory analysis of field samples.

#### Funding

Proposed funding is from the FWP general license account (state special revenue) and the federal Wallup-Breaux for sport fish restoration and motorboat recreation. These are appropriate funding sources because the activities focus on anglers and boaters. ANS pose a potentially serious threat to Montana's fisheries. It is estimated that it will cost \$62,594 of FWP license funds and \$189,020 of WB federal funds for the 2013 biennium.

#### Obstacles

There are no major obstacles to implementing this program. This funding will allow an already established successful program to continue.

#### Risk

Continuing the coordination of this program should help prevent or control the spread of nuisance species and protect Montana's riparian and aquatic resources. Without this funding, efforts such as ANS monitoring in the Noxon Reservoir in 2007 that resulted in the discovery of Eurasian water milfoil would not have been detected and the infestation could have become more widespread. Coordination with other Columbia River Basin states on a response plan for zebra or quagga mussels may result in defined roles and responsibilities of each state and region. Without this funding, the ANS program will have to be scaled back or eliminated.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	113.43	113.43	113.43	113.43	113.43	113.43	0.00	0.00%
Personal Services	6,547,287	7,074,332	7,253,953	7,283,764	13,621,619	14,537,717	916,098	6.73%
Operating Expenses	1,919,610	1,885,977	2,024,868	2,036,059	3,805,587	4,060,927	255,340	6.71%
Equipment & Intangible Assets	96,785	82,664	96,785	96,785	179,449	193,570	14,121	7.87%
Grants	15,600	35,400	15,600	15,600	51,000	31,200	(19,800)	(38.82%)
<b>Total Costs</b>	<b>\$8,579,282</b>	<b>\$9,078,373</b>	<b>\$9,391,206</b>	<b>\$9,432,208</b>	<b>\$17,657,655</b>	<b>\$18,823,414</b>	<b>\$1,165,759</b>	<b>6.60%</b>
State Special	8,215,647	8,643,915	9,037,058	9,078,530	16,859,562	18,115,588	1,256,026	7.45%
Federal Special	363,635	434,458	354,148	353,678	798,093	707,826	(90,267)	(11.31%)
<b>Total Funds</b>	<b>\$8,579,282</b>	<b>\$9,078,373</b>	<b>\$9,391,206</b>	<b>\$9,432,208</b>	<b>\$17,657,655</b>	<b>\$18,823,414</b>	<b>\$1,165,759</b>	<b>6.60%</b>

**Page Reference**

Legislative Budget Analysis, C-29

**Funding**

The Enforcement Division is funded primarily with general license dollars. Other state special revenue includes variable priced outfitter sponsored license revenues, fuel taxes, and off highway vehicle and snowmobile registration fees. Federal funds are primarily from the US Coast Guard and require a 25 percent match supplied from the general license account.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	8,579,282	8,579,282	17,158,564	91.16%
Statewide PL Adjustments	0	0	0	0.00%	660,337	702,287	1,362,624	7.24%
Other PL Adjustments	0	0	0	0.00%	194,850	194,087	388,937	2.07%
New Proposals	0	0	0	0.00%	(43,263)	(43,448)	(86,711)	(0.46%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$9,391,206</b>	<b>\$9,432,208</b>	<b>\$18,823,414</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					607,610					637,858
Vacancy Savings					(57,681)					(57,933)
Inflation/Deflation					127,571					139,525
Fixed Costs					(17,163)					(17,163)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$670,908</b>	<b>(\$10,571)</b>	<b>\$660,337</b>		<b>\$0</b>	<b>\$713,205</b>	<b>(\$10,918)</b>	<b>\$702,287</b>
DP 401 - Warden Overtime	0.00	0	196,000	4,000	200,000	0.00	0	196,000	4,000	200,000
DP 7101 - Fuel Inflation Reduction	0.00	0	(4,305)	(845)	(5,150)	0.00	0	(4,948)	(965)	(5,913)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$191,695</b>	<b>\$3,155</b>	<b>\$194,850</b>	<b>0.00</b>	<b>\$0</b>	<b>\$191,052</b>	<b>\$3,035</b>	<b>\$194,087</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$862,603</b>	<b>(\$7,416)</b>	<b>\$855,187</b>	<b>0.00</b>	<b>\$0</b>	<b>\$904,257</b>	<b>(\$7,883)</b>	<b>\$896,374</b>

DP 401 - Warden Overtime - The legislature approved authority to provide overtime compensation to address staffing needs of the division and meet the terms of the MPEA Fish and Game Warden bargaining agreement.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increase Vacancy Savings to 7% 04	0.00	0	(41,192)	(2,071)	(43,263)	0.00	0	(41,374)	(2,074)	(43,448)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$41,192)</b>	<b>(\$2,071)</b>	<b>(\$43,263)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$41,374)</b>	<b>(\$2,074)</b>	<b>(\$43,448)</b>

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment. The reduction was applied to non-warden positions only.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	103.56	103.56	106.56	106.56	103.56	106.56	3.00	2.90%
Personal Services	5,379,203	6,257,592	6,340,132	6,363,115	11,636,795	12,703,247	1,066,452	9.16%
Operating Expenses	3,120,839	3,706,658	3,613,479	3,671,411	6,827,497	7,284,890	457,393	6.70%
Equipment & Intangible Assets	46,090	55,290	46,090	46,090	101,380	92,180	(9,200)	(9.07%)
Capital Outlay	166,889	0	166,889	166,889	166,889	333,778	166,889	100.00%
Grants	110,000	110,000	110,000	110,000	220,000	220,000	0	0.00%
<b>Total Costs</b>	<b>\$8,823,021</b>	<b>\$10,129,540</b>	<b>\$10,276,590</b>	<b>\$10,357,505</b>	<b>\$18,952,561</b>	<b>\$20,634,095</b>	<b>\$1,681,534</b>	<b>8.87%</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	4,635,546	5,195,625	5,345,029	5,373,438	9,831,171	10,718,467	887,296	9.03%
Federal Special	4,187,475	4,933,915	4,931,561	4,984,067	9,121,390	9,915,628	794,238	8.71%
<b>Total Funds</b>	<b>\$8,823,021</b>	<b>\$10,129,540</b>	<b>\$10,276,590</b>	<b>\$10,357,505</b>	<b>\$18,952,561</b>	<b>\$20,634,095</b>	<b>\$1,681,534</b>	<b>8.87%</b>

**Page Reference**

Legislative Budget Analysis, C-33

**Funding**

The Wildlife Division is funded with state special revenue consisting primarily of the general license account. Other earmarked fees support the Upland Game Bird Program, and the operations portion of the Wildlife Habitat Program. Federal funding consists of Pittman-Robertson funds that require a 25 percent non-federal match that is typically met with funds from the general license account.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	8,823,021	8,823,021	17,646,042	85.52%
Statewide PL Adjustments	0	0	0	0.00%	944,950	977,236	1,922,186	9.32%
Other PL Adjustments	0	0	0	0.00%	213,310	262,515	475,825	2.31%
New Proposals	0	0	0	0.00%	295,309	294,733	590,042	2.86%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$10,276,590</b>	<b>\$10,357,505</b>	<b>\$20,634,095</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,139,294					1,163,784
Vacancy Savings					(260,736)					(261,714)
Inflation/Deflation					83,577					92,351
Fixed Costs					(17,185)					(17,185)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$469,766</b>	<b>\$475,184</b>	<b>\$944,950</b>		<b>\$0</b>	<b>\$486,289</b>	<b>\$490,947</b>	<b>\$977,236</b>
DP 502 - Auction Accounts- OTO/RST	0.00	0	91,000	0	91,000	0.00	0	91,000	0	91,000
DP 503 - Nongame Wildlife Funding - RST	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 504 - Migratory Bird Funding-OTO/RST	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 505 - Aircraft Rate Adjustment	0.00	0	15,035	45,116	60,151	0.00	0	27,444	82,332	109,776
DP 7101 - Fuel Inflation Reduction	0.00	0	(1,490)	(1,351)	(2,841)	0.00	0	(1,711)	(1,550)	(3,261)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$169,545</b>	<b>\$43,765</b>	<b>\$213,310</b>	<b>0.00</b>	<b>\$0</b>	<b>\$181,733</b>	<b>\$80,782</b>	<b>\$262,515</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$639,311</b>	<b>\$518,949</b>	<b>\$1,158,260</b>	<b>0.00</b>	<b>\$0</b>	<b>\$668,022</b>	<b>\$571,729</b>	<b>\$1,239,751</b>

DP 502 - Auction Accounts- OTO/RST - The legislature approved restricted, one-time only authority to expend revenues from the auction of sheep, mountain goat and elk licenses. These funds will be used for animal transplant, herd health assessment, enhanced survey, and inventory efforts.

DP 503 - Nongame Wildlife Funding - RST - The Montana state tax return provides residents with the opportunity to voluntarily donate funds for use in conserving the state’s nongame wildlife. The legislature approved a restricted increase in base authority for the nongame program.

DP 504 - Migratory Bird Funding-OTO/RST - The legislature approved a restricted one-time only increase in state special revenue of \$40,000 each year of the biennium for the migratory bird habitat program, funded from revenues from the sale of the migratory game bird license.

DP 505 - Aircraft Rate Adjustment - The legislature approved additional authority for department aircraft rental. Program staff who utilize department aircraft are assessed a fee for the hours flown. All rental revenue generated is used to maintain those aircraft.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 501 - State Wildlife Grants, Wildlife Bien /RST											
05	2.00	0	0	276,975	276,975	2.00	0	0	276,975	276,975	
DP 550 - Urban Wildlife Management -OTO											
05	1.00	0	44,445	44,446	88,891	1.00	0	44,525	44,526	89,051	
DP 555 - Market Based Pay Adjustment Wildlife Biologists											
05	0.00	0	125,000	0	125,000	0.00	0	125,000	0	125,000	
DP 8101 - Increase Vacancy Savings to 7%											
05	0.00	0	(99,273)	(96,284)	(195,557)	0.00	0	(99,655)	(96,638)	(196,293)	
<b>Total</b>	<b>3.00</b>	<b>\$0</b>	<b>\$70,172</b>	<b>\$225,137</b>	<b>\$295,309</b>	<b>3.00</b>	<b>\$0</b>	<b>\$69,870</b>	<b>\$224,863</b>	<b>\$294,733</b>	

DP 501 - State Wildlife Grants, Wildlife Bien /RST - The legislature approved restricted biennial authority of \$276,975 federal funds annually to continue implementation of Montana's Comprehensive Fish and Wildlife Management Strategy.

DP 550 - Urban Wildlife Management -OTO - The legislature approved 1.0 FTE and operating costs to establish a land use planner to aide cities and counties in development and implementation of land use plans to reduce conflict between people and wildlife.

DP 555 - Market Based Pay Adjustment Wildlife Biologists - The legislature approved an increase in state special revenue authority \$125,000 each year of the biennium for pay adjustments for wildlife biologists.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	110.33	110.33	115.56	115.56	110.33	115.56	5.23	4.74%
Personal Services	4,599,225	5,077,356	5,214,668	5,232,722	9,676,581	10,447,390	770,809	7.97%
Operating Expenses	2,661,863	2,698,257	2,997,487	3,003,547	5,360,120	6,001,034	640,914	11.96%
Equipment & Intangible Assets	479,632	160,744	309,652	309,652	640,376	619,304	(21,072)	(3.29%)
Grants	492,317	548,024	445,317	445,317	1,040,341	890,634	(149,707)	(14.39%)
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$8,233,037</b>	<b>\$8,484,381</b>	<b>\$8,967,124</b>	<b>\$8,991,238</b>	<b>\$16,717,418</b>	<b>\$17,958,362</b>	<b>\$1,240,944</b>	<b>7.42%</b>
State Special	8,013,966	8,254,192	8,683,944	8,707,074	16,268,158	17,391,018	1,122,860	6.90%
Federal Special	219,071	230,189	283,180	284,164	449,260	567,344	118,084	26.28%
<b>Total Funds</b>	<b>\$8,233,037</b>	<b>\$8,484,381</b>	<b>\$8,967,124</b>	<b>\$8,991,238</b>	<b>\$16,717,418</b>	<b>\$17,958,362</b>	<b>\$1,240,944</b>	<b>7.42%</b>

### Page Reference

Legislative Budget Analysis, C-39

### Funding

The largest revenue source is the \$4.00 registration fee per vehicle charged in lieu of resident day use fees at state park sites, followed by motorboat fuel taxes, parks coal tax trust earnings, the general license account, snowmobile fuel taxes, fishing access maintenance and acquisition fee revenues, snowmobile registration fees, and off-highway vehicle registration fees.

The registration fee is allocated as follows:

- \$3.50 for park operations and maintenance
- \$0.25 for fishing access site maintenance
- \$0.25 for support of Virginia City and Nevada City (these funds are transferred to the Heritage Commission)

The fee provides approximately \$2.8 million per year for the state parks system, \$200,000 for fishing access sites, and \$200,000 for Virginia and Nevada City.

The division receives the following allocations of the gasoline dealer's license taxes:

- Nine-tenths of one percent for maintenance of parks with motorboat use
- One-eighth of one percent for off-highway vehicle safety, repair of off-highway vehicle damage, and facility development
- Fifteen-twenty-eighths of one percent for snowmobile safety, facility development, enforcement, and control of noxious weeds

Of the coal severance tax revenues, 1.27 percent is deposited into a non-expendable trust, with the interest from the trust allocated for maintenance at state parks and historic sites.

The general license account and earmarked fishing fees are used to maintain fishing access sites.

Federal funding sources include Wallop-Breaux, national recreational trails, the land and water conservation fund, and other miscellaneous federal revenues. These federal funding sources require a match of 20 to 50 percent

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	8,233,037	8,233,037	16,466,074	91.69%
Statewide PL Adjustments	0	0	0	0.00%	634,340	659,872	1,294,212	7.21%
Other PL Adjustments	0	0	0	0.00%	221,630	220,785	442,415	2.46%
New Proposals	0	0	0	0.00%	(121,883)	(122,456)	(244,339)	(1.36%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$8,967,124</b>	<b>\$8,991,238</b>	<b>\$17,958,362</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					797,658					816,880
Vacancy Savings					(215,875)					(216,637)
Inflation/Deflation					69,569					76,641
Fixed Costs					(17,012)					(17,012)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$610,877</b>	<b>\$23,463</b>	<b>\$634,340</b>		<b>\$0</b>	<b>\$635,374</b>	<b>\$24,498</b>	<b>\$659,872</b>
DP 604 - FAS Capital O&M from HB 5 to HB 2	0.00	0	175,000	0	175,000	0.00	0	175,000	0	175,000
DP 605 - Restore Parks Base Operations	0.00	0	15,230	29,000	44,230	0.00	0	15,230	29,000	44,230
DP 606 - Restore FAS Base Operations	0.00	0	10,000	17,000	27,000	0.00	0	10,000	17,000	27,000
DP 607 - Parks Snowmobile Equipment - BIEN	0.00	0	(216,980)	0	(216,980)	0.00	0	(216,980)	0	(216,980)
DP 655 - Parks and FAS Op. and Maint.(RST/OTO)	5.23	0	199,243	0	199,243	5.23	0	199,410	0	199,410
DP 7101 - Fuel Inflation Reduction	0.00	0	(6,649)	(214)	(6,863)	0.00	0	(7,629)	(246)	(7,875)
<b>Total Other Present Law Adjustments</b>	<b>5.23</b>	<b>\$0</b>	<b>\$175,844</b>	<b>\$45,786</b>	<b>\$221,630</b>	<b>5.23</b>	<b>\$0</b>	<b>\$175,031</b>	<b>\$45,754</b>	<b>\$220,785</b>
<b>Grand Total All Present Law Adjustments</b>	<b>5.23</b>	<b>\$0</b>	<b>\$786,721</b>	<b>\$69,249</b>	<b>\$855,970</b>	<b>5.23</b>	<b>\$0</b>	<b>\$810,405</b>	<b>\$70,252</b>	<b>\$880,657</b>

DP 604 - FAS Capital O&M from HB 5 to HB 2 - The legislature approved authority for the FAS program’s day-to-day operations, maintenance, and weed control that was previously provided in the department’s capital program. This transfers the authority from capital to operations. It is funded from a portion of fishing license fees.

DP 605 - Restore Parks Base Operations - The legislature approved \$15,230 in state special revenue and \$29,000 in federal special revenue to restore base operations for the parks budget for the 2011 biennium. This decision package adjusts contract services, minor equipment, weed control, and travel.

DP 606 - Restore FAS Base Operations - The legislature approved \$10,000 in state special revenue and \$17,000 in federal special revenue to restore base operations for the fishing access sites budget for the 2011 biennium. This decision package would adjust minor equipment, travel, weed control, and grounds maintenance.

DP 607 - Parks Snowmobile Equipment - BIEN - The legislature approved a decrease in authority for the snowmobile program due to revenue shortfalls from both snowmobile fuel taxes. This decision package consists of a reduction of grants to local clubs by \$47,000 annually and a reduction in the biennial equipment budget by \$70,000. The remaining budget authority is a biennial appropriation to streamline purchasing of equipment for snowmobile clubs.

DP 655 - Parks and FAS Op. and Maint.(RST/OTO) - The legislature approved restricted one-time only resources of 5.23 FTE and approximately \$400,000 state special revenue for the biennium to address operations and maintenance at state parks and fishing access sites.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 650 - FAS Weed Management 06	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 8101 - Increase Vacancy Savings to 7% 06	0.00	0	(156,743)	(5,140)	(161,883)	0.00	0	(157,297)	(5,159)	(162,456)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$116,743)</b>	<b>(\$5,140)</b>	<b>(\$121,883)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$117,297)</b>	<b>(\$5,159)</b>	<b>(\$122,456)</b>

DP 650 - FAS Weed Management - The legislature approved \$40,000 of state special revenue authority each year of the biennium to provide increased weed management activities at fishing access sites.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	28.55	28.55	28.55	28.55	28.55	28.55	0.00	0.00%
Personal Services	1,717,312	1,804,931	1,775,182	1,780,193	3,522,243	3,555,375	33,132	0.94%
Operating Expenses	1,441,196	1,458,831	1,528,541	1,531,783	2,900,027	3,060,324	160,297	5.53%
Equipment & Intangible Assets	0	5,000	0	0	5,000	0	(5,000)	(100.00%)
Grants	314,533	672,313	314,533	314,533	986,846	629,066	(357,780)	(36.25%)
<b>Total Costs</b>	<b>\$3,473,041</b>	<b>\$3,941,075</b>	<b>\$3,618,256</b>	<b>\$3,626,509</b>	<b>\$7,414,116</b>	<b>\$7,244,765</b>	<b>(\$169,351)</b>	<b>(2.28%)</b>
State Special	2,757,055	3,204,437	2,896,431	2,904,170	5,961,492	5,800,601	(160,891)	(2.70%)
Federal Special	715,986	736,638	721,825	722,339	1,452,624	1,444,164	(8,460)	(0.58%)
<b>Total Funds</b>	<b>\$3,473,041</b>	<b>\$3,941,075</b>	<b>\$3,618,256</b>	<b>\$3,626,509</b>	<b>\$7,414,116</b>	<b>\$7,244,765</b>	<b>(\$169,351)</b>	<b>(2.28%)</b>

### Page Reference

Legislative Budget Analysis, C-47

### Funding

The largest funding source in the Communication and Education Division is the general license account. Other state special revenue sources are interest from the coal tax trust account, and snowmobile and off-highway fuel taxes. Fuel taxes are dedicated revenue sources for snowmobile and off highway vehicle education programs. Federal funds are primarily Pittman-Robertson and Wallop-Breaux funds derived from federal excise taxes on sporting rifles, ammunition, and fishing equipment, and require a 25 percent match in non-federal funds.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	3,473,041	3,473,041	6,946,082	95.88%
Statewide PL Adjustments	0	0	0	0.00%	126,252	134,697	260,949	3.60%
Other PL Adjustments	0	0	0	0.00%	76,228	76,196	152,424	2.10%
New Proposals	0	0	0	0.00%	(57,265)	(57,425)	(114,690)	(1.58%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$3,618,256</b>	<b>\$3,626,509</b>	<b>\$7,244,765</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					191,488					196,872
Vacancy Savings					(76,353)					(76,566)
Inflation/Deflation					19,762					23,036
Fixed Costs					(8,645)					(8,645)
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$113,195</b>	<b>\$13,057</b>	<b>\$126,252</b>		<b>\$0</b>	<b>\$121,101</b>	<b>\$13,596</b>	<b>\$134,697</b>
DP 801 - Regulation Production	0.00	0	46,441	0	46,441	0.00	0	46,441	0	46,441
DP 802 - Restore Communication and Education Ops Budget	0.00	0	30,000	0	30,000	0.00	0	30,000	0	30,000
DP 7101 - Fuel Inflation Reduction	0.00	0	(170)	(43)	(213)	0.00	0	(196)	(49)	(245)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$76,271</b>	<b>(\$43)</b>	<b>\$76,228</b>	<b>0.00</b>	<b>\$0</b>	<b>\$76,245</b>	<b>(\$49)</b>	<b>\$76,196</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$189,466</b>	<b>\$13,014</b>	<b>\$202,480</b>	<b>0.00</b>	<b>\$0</b>	<b>\$197,346</b>	<b>\$13,547</b>	<b>\$210,893</b>

DP 801 - Regulation Production - The legislature approved \$46,441 of state special revenue each year of the biennium for increased printing and distribution costs associated with hunting, fishing and trapping regulations that are produced annually by FWP. This addition based on an estimated 10 percent increase in printing costs and a 16 percent increase in postage and freight expenses.

DP 802 - Restore Communication and Education Ops Budget RST/OTO- The legislature approved \$30,000 of state special revenue authority each year of the biennium to restore operations funding that was utilized to hire a Comprehensive Fish and Wildlife Plan Information and Outreach Program Coordinator. This addition restores the operations funding for the modified FTE to maintain this outreach coordinator position.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increase Vacancy Savings to 7%	08	0.00	0	(50,090)	(7,175)	(57,265)	0.00	0	(50,231)	(7,194)	(57,425)
<b>Total</b>		<b>0.00</b>	<b>\$0</b>	<b>(\$50,090)</b>	<b>(\$7,175)</b>	<b>(\$57,265)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$50,231)</b>	<b>(\$7,194)</b>	<b>(\$57,425)</b>

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding. The legislature has conditioned this budget as one-time only for the 2011 biennium.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	96.24	96.24	96.24	96.24	96.24	96.24	0.00	0.00%
Personal Services	5,050,370	5,307,046	5,234,889	5,251,586	10,357,416	10,486,475	129,059	1.25%
Operating Expenses	4,295,724	4,337,715	4,758,962	4,636,305	8,633,439	9,395,267	761,828	8.82%
Equipment & Intangible Assets	38,036	40,721	38,036	38,036	78,757	76,072	(2,685)	(3.41%)
Grants	0	0	0	0	0	0	0	n/a
Transfers	24,374	99,652	99,652	99,652	124,026	199,304	75,278	60.70%
<b>Total Costs</b>	<b>\$9,408,504</b>	<b>\$9,785,134</b>	<b>\$10,131,539</b>	<b>\$10,025,579</b>	<b>\$19,193,638</b>	<b>\$20,157,118</b>	<b>\$963,480</b>	<b>5.02%</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	9,301,360	9,663,869	10,007,146	9,918,602	18,965,229	19,925,748	960,519	5.06%
Federal Special	107,144	121,265	124,393	106,977	228,409	231,370	2,961	1.30%
<b>Total Funds</b>	<b>\$9,408,504</b>	<b>\$9,785,134</b>	<b>\$10,131,539</b>	<b>\$10,025,579</b>	<b>\$19,193,638</b>	<b>\$20,157,118</b>	<b>\$963,480</b>	<b>5.02%</b>

**Page Reference**

Legislative Budget Analysis, C-51

**Funding**

The division provides management and financial oversight of all department activities. Because of this role the department is funded almost entirely with general license account revenues. Pittman-Robertson, Wallup-Breaux, and state wildlife grants provide the federal funds to the division.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	9,408,504	9,408,504	18,817,008	93.35%
Statewide PL Adjustments	0	0	0	0.00%	749,941	648,124	1,398,065	6.94%
Other PL Adjustments	0	0	0	0.00%	115,351	115,215	230,566	1.14%
New Proposals	0	0	0	0.00%	(142,257)	(146,264)	(288,521)	(1.43%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$10,131,539</b>	<b>\$10,025,579</b>	<b>\$20,157,118</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					561,339					579,291
Vacancy Savings					(224,469)					(225,186)
Inflation/Deflation					33,811					37,650
Fixed Costs					379,260					256,369
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$738,141</b>	<b>\$11,800</b>	<b>\$749,941</b>		<b>\$0</b>	<b>\$652,939</b>	<b>(\$4,815)</b>	<b>\$648,124</b>
DP 902 - Restore Search & Rescue Base	0.00	0	75,278	0	75,278	0.00	0	75,278	0	75,278
DP 903 - Commission Expense Adjustment	0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
DP 906 - Area Office Rent Increases	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 7101 - Fuel Inflation Reduction	0.00	0	(927)	0	(927)	0.00	0	(1,063)	0	(1,063)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$115,351</b>	<b>\$0</b>	<b>\$115,351</b>	<b>0.00</b>	<b>\$0</b>	<b>\$115,215</b>	<b>\$0</b>	<b>\$115,215</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$853,492</b>	<b>\$11,800</b>	<b>\$865,292</b>	<b>0.00</b>	<b>\$0</b>	<b>\$768,154</b>	<b>(\$4,815)</b>	<b>\$763,339</b>

DP 902 - Restore Search & Rescue Base - The legislature approved a base adjustment of \$75,278 each year of the biennium to re-establish authority to transfer cash to the Department of Military Affairs for costs incurred by search and rescue clubs when searching for hunters, anglers, or trappers. The revenue source for these funds is a \$0.25 surcharge on each conservation license sold.

DP 903 - Commission Expense Adjustment - The legislature restored authority for commission compensation for travel at the standard per diem rate and an honorarium of \$50 per day for participation in meetings or conducting other commission business.

DP 906 - Area Office Rent Increases - The legislature approved \$25,000 authority each year of the biennium to cover increases in rent. The area offices that are affected include Dillon, Butte, Choteau and Havre.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Management Program Allocat											
09	0.00	0	20,092	6,002	26,094	0.00	0	17,421	5,204	22,625	
DP 8101 - Increase Vacancy Savings to 7%											
09	0.00	0	(167,798)	(553)	(168,351)	0.00	0	(168,333)	(556)	(168,889)	
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$147,706)</b>	<b>\$5,449</b>	<b>(\$142,257)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$150,912)</b>	<b>\$4,648</b>	<b>(\$146,264)</b>	

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### **Proprietary Rates**

*Duplicating Center*

#### **Program Description**

The department's duplicating center provides duplicating and bindery services to department employees. The Duplicating Center has only 1.00 FTE and whenever the demand for services becomes too great or a particular job is considered too large, the excess jobs are taken to Publications & Graphics to be completed.

State wide present law was concurred in when the rates for the program were approved.

### **Proprietary Rates**

Refer to section R of HB 2 for the approved rates.

### **Vehicle Fund**

#### **Program Description**

The department's equipment fund provides a fleet of vehicles to department employees. The revenue users are department employees, mostly enforcement wardens, fish and wildlife biologists, and park employees. Every month, users are charged for the miles driven during the previous month.

State wide present law was concurred in when the rates for the program were approved.

### **Proprietary Rates**

Refer to section R of HB 2 for the approved rates.

### **Warehouse Inventory**

#### **Program Description**

The department's warehouse contains mainly uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department, such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

State wide present law was concurred in when the rates for the program were approved.

### **Proprietary Rates**

Refer to section R of HB 2 for the approved rates.

**Agency Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	376.29	376.29	383.29	383.29	376.29	383.29	7.00	1.86%
Personal Services	21,024,452	23,309,232	25,342,422	25,424,956	44,333,684	50,767,378	6,433,694	14.51%
Operating Expenses	19,642,858	30,235,268	36,649,971	35,912,276	49,878,126	72,562,247	22,684,121	45.48%
Equipment & Intangible Assets	107,827	237,754	151,561	150,527	345,581	302,088	(43,493)	(12.59%)
Capital Outlay	441,304	0	141,304	141,304	441,304	282,608	(158,696)	(35.96%)
Grants	1,870,416	2,216,541	2,033,416	2,033,416	4,086,957	4,066,832	(20,125)	(0.49%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	1,807	0	0	1,807	0	(1,807)	(100.00%)
<b>Total Costs</b>	<b>\$43,086,857</b>	<b>\$56,000,602</b>	<b>\$64,318,674</b>	<b>\$63,662,479</b>	<b>\$99,087,459</b>	<b>\$127,981,153</b>	<b>\$28,893,694</b>	<b>29.16%</b>
General Fund	4,785,174	5,088,372	5,157,737	5,181,886	9,873,546	10,339,623	466,077	4.72%
State Special	18,943,357	24,069,733	36,121,669	35,404,669	43,013,090	71,526,338	28,513,248	66.29%
Federal Special	19,358,326	26,842,497	23,039,268	23,075,924	46,200,823	46,115,192	(85,631)	(0.19%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$43,086,857</b>	<b>\$56,000,602</b>	<b>\$64,318,674</b>	<b>\$63,662,479</b>	<b>\$99,087,459</b>	<b>\$127,981,153</b>	<b>\$28,893,694</b>	<b>29.16%</b>

**Page Reference**

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**Executive Budget Comparison**

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	376.29	384.29	383.29	(1.00)	384.29	383.29	(1.00)	
Personal Services	21,024,452	25,591,747	25,342,422	(249,325)	25,674,357	25,424,956	(249,401)	(498,726)
Operating Expenses	19,642,858	37,401,716	36,649,971	(751,745)	36,304,394	35,912,276	(392,118)	(1,143,863)
Equipment & Intangible Assets	107,827	151,561	151,561	0	150,527	150,527	0	0
Capital Outlay	441,304	141,304	141,304	0	141,304	141,304	0	0
Grants	1,870,416	2,033,416	2,033,416	0	2,033,416	2,033,416	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$43,086,857</b>	<b>\$65,319,744</b>	<b>\$64,318,674</b>	<b>(\$1,001,070)</b>	<b>\$64,303,998</b>	<b>\$63,662,479</b>	<b>(\$641,519)</b>	<b>(\$1,642,589)</b>
General Fund	4,785,174	5,915,015	5,157,737	(757,278)	5,940,515	5,181,886	(758,629)	(1,515,907)
State/Other Special	18,943,357	36,301,861	36,121,669	(180,192)	35,223,942	35,404,669	180,727	535
Federal Special	19,358,326	23,102,868	23,039,268	(63,600)	23,139,541	23,075,924	(63,617)	(127,217)
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$43,086,857</b>	<b>\$65,319,744</b>	<b>\$64,318,674</b>	<b>(\$1,001,070)</b>	<b>\$64,303,998</b>	<b>\$63,662,479</b>	<b>(\$641,519)</b>	<b>(\$1,642,589)</b>

The legislature approved a biennial budget \$1.6 million lower than the executive request. The legislature applied a 2 percent general fund reduction (\$208,513), eliminated general fund support of the Permitting and Compliance Division, (\$1,073,060), denied requests in the air quality (\$510,175), and water quality programs (\$50,000). The legislature added \$600,000 to reimburse for clean up at the KRY state superfund site for potential liable parties that did not contribute to the contamination.

**Agency Highlights**

<b>Department of Environmental Quality Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The legislative budget increases by \$28.8 million or 29.1 percent in the 2011 biennium from the previous biennium,</li> <li>◆ The majority of the increase, \$27.6 million is state special revenue authority including:                             <ul style="list-style-type: none"> <li>• \$2.4 million for oversight of the KRY state superfund site</li> <li>• \$9.0 million for remediation of the Reliance Refinery site</li> <li>• \$6.0 million for increased collections under the state superfund program</li> <li>• \$3.4 million for hard rock reclamation and major facility siting</li> <li>• \$1.4 million for the state building energy program</li> </ul> </li> <li>◆ Increases in general fund of \$0.4 million including :                             <ul style="list-style-type: none"> <li>• \$1.1 million for the public water supply program</li> <li>• \$0.6 million for statewide and base adjustments</li> <li>• Offset by a decrease of \$1.0 million in permitting programs, and a 2 percent agency wide adjustment of \$208,000.</li> </ul> </li> <li>◆ The legislature removed \$328,000 over the biennium in personal services funding for positions vacant longer than six months</li> </ul>	

**Agency Discussion**

*Recommendations for Funding in the Stimulus Bill:*

The following are recommended for funding the stimulus bill for the 2011 biennium:

- 1) Energy Conservation funding to municipalities through the state energy program grants;
- 2) Funding for environmental processes that will be required to start major road and infrastructure building, such as open cut mining permits (gravel pits, plan and spec review (water treatment systems) and general discharge permits; and
- 3) Funding for any ten percent match that may be required if the department receives any increased funding for federal Superfund projects.

*Goals and Objectives:*

The legislature recommends that the Legislative Finance Committee monitor the following the 2011 Biennium:

- 1) Collections from liable parties due under the Comprehensive Environmental Cleanup and Responsibility Act;
- 2) Performance reporting, including return on investment, for the State Buildings Energy Program; and
- 3) Performance reporting for the Public Water Supply program.

**Funding**

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Agency Program	Total Agency Funding 2011 Biennium Budget				
	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
10 Central Management Program	\$ 540,936	\$ 2,984,389	\$ 1,001,519	\$ 4,526,844	3.54%
20 Plan.Prevent. & Assist.Div.	5,897,747	4,371,897	15,931,719	26,201,363	20.47%
30 Enforcement Division	1,216,543	979,066	634,880	2,830,489	2.21%
40 Remediation Division	-	25,776,171	15,027,443	40,803,614	31.88%
50 Permitting & Compliance Div.	2,684,397	35,951,148	13,519,631	52,155,176	40.75%
90 Petro Tank Release Comp. Board	-	1,463,667	-	1,463,667	1.14%
<b>Grand Total</b>	<b>\$ 10,339,623</b>	<b>\$ 71,526,338</b>	<b>\$ 46,115,192</b>	<b>#####</b>	<b>100.00%</b>

The department's largest source of funding at 65 percent is state special revenue. This revenue is derived from permitting fees, fines, and bonds proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. State special revenue also includes funding derived from interest on the Resource Indemnity Trust (RIT) and resource indemnity taxes. The major RIT fund for this department is the natural resources operations fund. As per Figure 1, this fund is not balanced.

Related Funds	Resource Indemnity Funding								
	02010 Oil & Gas	02022 Future Fish	02070 HazWas	02107 ECA	02162 EQPF	02216 Wa Sto	02289 GRW	02472 Orphan Share	02576 Operations
Beginning FY2009 Fund Balance	\$312,433	\$1,113,055	\$429,779	639,501	\$2,987,113	\$1,420,433	\$0	\$10,632,358	\$4,192,776
RIT Interest interest		\$500,000	\$287,040	175,000	\$99,360	\$0	\$300,000		\$717,600
STIP	10,000		10,000	15,000					
RIGWA			293,711		293,711	150,000	366,000		
Metal Mines Tax									832,000
Oil and Gas Tax								3,140,398	1,522,936
Other Income	67,000				3,750,000				
FY 2009 Total Revenues & Fund Balance	\$389,433	\$1,613,008	\$1,020,530	\$829,501	\$7,130,184	\$1,570,433	\$666,000	\$13,772,756	\$7,265,312
FY 2009 Appropriations	(174,194)	(1,613,008)	(494,755)	0	(3,008,135)	(520,628)	(666,000)	(19,118)	(5,324,833)
FY 2009 Budget Amendment									(992,037)
Transfers	25,000							(3,025,000)	
Reserved for Capital Appropriations									
Grant Reversion									
Projected Fund Balance Ending FY 2009	\$240,239	\$0	\$525,775	\$829,501	\$4,122,049	\$1,049,805	\$0	\$10,728,638	\$948,442
Revenues for 2011 Biennium									
RIT Interest - Direct	50,000	1,000,000	431,340	175,000	595,310	500,000	600,000	-	1,078,350
RIGWA			820,422		820,422		732,000		
Anticipated reversions									350,000
Short Term Investment Pool - Interest	20,000		20,000		70,000	35,000			
Admin Fees						120,000			6,000
Metal Mines Tax									802,000
Oil and Gas Tax								4,949,187	2,400,108
Agency Generated Revenues	100,000				7,500,000				
Transfers - From Water Adjudication Account									2,064,139
Transfers - Other					(600,000)			(2,400,000)	600,000
Fiscal Note - SB 62									113,000
Projected Fund Balance Beginning FY 2010	\$410,239	\$1,000,000	\$1,797,537	\$1,004,501	\$13,107,781	\$1,704,805	\$1,332,000	\$13,277,825	\$8,362,039
Appropriations for 2011 Biennium									
RRGL and RDGP Programs									
UM-Bureau of Mines							(1,332,000)		(351,772)
DNRC - Centralized Services									34
Division									(1,337,702)
DNRC-Water Resources Division						(535,000)			(255,899)
DNRC-Flathead Basin Commission									(195,788)
DNRC - Board of Oil & Gas	(50,000)								
DNRC - Forestry/Trust Lands									(199,762)
DEQ-Central Management									(116,526)
DEQ-Planning, Prevention & Assistance			(181,100)						
DEQ-Enforcement									(10,192)
DEQ-Remediation			(42,517)		(9,333,307)			(9,028,566)	
DEQ-Permitting & Compliance			(864,134)						(4,026,723)
Future Fisheries		(1,000,000)							
Judiciary-Water Court									(2,064,139)
Operations/NRIS									10
Governor's Office - Emergency Authority				(1,004,501)					
HB 13 Pay Plan			0		0			0	-
Total Appropriations	(\$50,000)	(\$1,000,000)	(\$1,087,751)	(\$1,004,501)	(\$9,333,307)	(\$535,000)	(\$1,332,000)	(\$9,028,566)	(\$8,558,459)
Ending Fund Balance	\$360,239	\$0	\$709,786	\$0	\$3,774,474	\$1,169,805	\$0	\$4,249,259	(\$196,420)

The federal revenue is provided from the U.S. Environmental Protection Agency (EPA) performance partnership grant, the Superfund Program, and other federal grant resources. The partnership grant is a block grant to the state to provide funding the EPA had previously made through individual grants. Federal grants have varying match requirements. Wetland grants require 25 percent match, drinking water capital improvement requires a 20 percent match, and non point source funding can require as much as a 40 percent match. General fund is utilized for personal services and related operating expenses such as travel, communications, and equipment.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	4,785,174	4,785,174	9,570,348	92.56%	43,086,857	43,086,857	86,173,714	67.33%
Statewide PL Adjustments	445,784	454,892	900,676	8.71%	4,906,165	4,997,321	9,903,486	7.74%
Other PL Adjustments	700,865	717,566	1,418,431	13.72%	11,876,688	11,974,366	23,851,054	18.64%
New Proposals	(774,086)	(775,746)	(1,549,832)	(14.99%)	4,448,964	3,603,935	8,052,899	6.29%
<b>Total Budget</b>	<b>\$5,157,737</b>	<b>\$5,181,886</b>	<b>\$10,339,623</b>		<b>\$64,318,674</b>	<b>\$63,662,479</b>	<b>\$127,981,153</b>	

**Language and Statutory Authority**

"The department is authorized to decrease federal special revenue in the water pollution control and/or drinking water revolving loan programs and to increase state special revenue by a like amount within the special administration account when the amount of federal capitalization funds have been expended or when federal funds and bond proceeds will be used for other program purposes as authorized in law providing for the distribution of funds as authorized in law providing for the distribution of funds."

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	10.00	10.00	10.00	10.00	10.00	10.00	0.00	0.00%
Personal Services	733,384	797,259	778,968	781,496	1,530,643	1,560,464	29,821	1.95%
Operating Expenses	1,182,701	1,221,781	1,478,858	1,487,522	2,404,482	2,966,380	561,898	23.37%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$1,916,085</b>	<b>\$2,019,040</b>	<b>\$2,257,826</b>	<b>\$2,269,018</b>	<b>\$3,935,125</b>	<b>\$4,526,844</b>	<b>\$591,719</b>	<b>15.04%</b>
General Fund	373,992	411,306	269,373	271,563	785,298	540,936	(244,362)	(31.12%)
State Special	1,202,096	1,362,540	1,489,627	1,494,762	2,564,636	2,984,389	419,753	16.37%
Federal Special	339,997	245,194	498,826	502,693	585,191	1,001,519	416,328	71.14%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$1,916,085</b>	<b>\$2,019,040</b>	<b>\$2,257,826</b>	<b>\$2,269,018</b>	<b>\$3,935,125</b>	<b>\$4,526,844</b>	<b>\$591,719</b>	<b>15.04%</b>

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### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

The majority of the functions in the division are funded with non-budgeted proprietary funds, that are not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the federal Environmental Protection Agency (EPA). The indirect rate is assessed against funding for all personal services, temporary services, and work-study projects and contract services within each division, and transferred to the Central Management Program to fund operating costs.

Appropriated funds consist of:

- General fund for support of the Board of Environmental Review and general operating costs
- State special revenue, predominantly Montana Environmental Protection Act fees
- Numerous small federal grants

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	373,992	373,992	747,984	138.28%	1,916,085	1,916,085	3,832,170	84.65%
Statewide PL Adjustments	45,429	46,142	91,571	16.93%	144,582	147,492	292,074	6.45%
Other PL Adjustments	17,002	18,517	35,519	6.57%	399,719	408,104	807,823	17.85%
New Proposals	(167,050)	(167,088)	(334,138)	(61.77%)	(202,560)	(202,663)	(405,223)	(8.95%)
<b>Total Budget</b>	<b>\$269,373</b>	<b>\$271,563</b>	<b>\$540,936</b>		<b>\$2,257,826</b>	<b>\$2,269,018</b>	<b>\$4,526,844</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these

items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					180,440	0.00				183,181
Vacancy Savings					(36,552)	0.00				(36,663)
Inflation/Deflation					694	0.00				974
<b>Total Statewide Present Law Adjustments</b>		<b>\$45,429</b>	<b>\$116,261</b>	<b>(\$17,108)</b>	<b>\$144,582</b>	<b>0.00</b>	<b>\$46,142</b>	<b>\$117,480</b>	<b>(\$16,130)</b>	<b>\$147,492</b>
					0	0.00				0
DP 1001 - Non Proprietary Operations Adjustments -OTO	0.00	17,047	199,475	183,265	399,787	0.00	18,566	203,433	186,183	408,182
DP 7101 - Fuel Inflation Reduction	0.00	(45)	(18)	(5)	(68)	0.00	(49)	(21)	(8)	(78)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$17,002</b>	<b>\$199,457</b>	<b>\$183,260</b>	<b>\$399,719</b>	<b>0.00</b>	<b>\$18,517</b>	<b>\$203,412</b>	<b>\$186,175</b>	<b>\$408,104</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$62,431</b>	<b>\$315,718</b>	<b>\$166,152</b>	<b>\$544,301</b>	<b>0.00</b>	<b>\$64,659</b>	<b>\$320,892</b>	<b>\$170,045</b>	<b>\$555,596</b>

DP 1001 - Non Proprietary Operations Adjustments -OTO - The legislature approved an operations adjustment of \$399,787 in FY 2010 and \$408,182 in FY 2011 in general, state special, and federal special revenue. This includes indirect cost rates, staffing costs related to vacant positions, and replacement of personal computers in accordance with standard replacement schedules over the course of the biennium.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1050 - Personal Services Reduction	10	0.00	(53,168)	(17,722)	0	(70,890)	0.00	(53,183)	(17,728)	0	(70,911)
DP 6105 - 2 percent unspecified reduction of general fund	10	0.00	(104,256)	0	0	(104,256)	0.00	(104,257)	0	0	(104,257)
DP 8101 - Increase Vacancy Savings to 7%	10	0.00	(9,626)	(10,465)	(7,323)	(27,414)	0.00	(9,648)	(10,498)	(7,349)	(27,495)
<b>Total</b>	<b>0.00</b>	<b>(\$167,050)</b>	<b>(\$28,187)</b>	<b>(\$7,323)</b>	<b>(\$202,560)</b>	<b>0.00</b>	<b>(\$167,088)</b>	<b>(\$28,226)</b>	<b>(\$7,349)</b>	<b>(\$202,663)</b>	

DP 1050 - Personal Services Reduction - The legislature removed funding for 1.0 FTE that have been vacant longer than six months.

DP 6105 - 2 percent unspecified reduction of general fund - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

“Central Management Program includes a reduction in general fund money of \$104,256 in fiscal year 2010 and \$104,257 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.”

**Proprietary Rates**

Agency Indirect Rate

**Program Description**

The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity.

The customers of this program are all divisions and employees of the department. Use of these services is mandated by agency policies and procedures. There are no alternative sources for the Central Management Program as a whole. The department contracts for legal services whenever it is cost effective to do so, to obtain specific expertise for a case, or when legal jurisdiction of the case requires an attorney licensed in that state. The department contracts for information technology database development and for hosting of the department's enterprise database.

The centralized legal services unit has 3.00 FTE that are funded by the internal service fund, two attorneys and one paralegal. This staff provides the administration, management and planning for the legal services unit, and specific duties for department programs, including legislation, rule making, enforcement actions and contract review. The remainder of this unit is funded by direct charges to the programs and projects requiring the legal work.

**Funding**

The funding comes from the budgets of all other divisions. The sources are in proportion to that division's budget.

The following decision packages were concurred in when rates for the program were approved.

DP 1004 Proprietary Operations Adjustment -. The operating adjustments to pay for increases in non-state rent, and to replace personal computers over the course of the biennium and communications, travel and training budgets due to vacancies.

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

**Proprietary Rates**

The legislature approved an indirect rate of 24% on personal services and 4% on operating expenditures for each year of the biennium. These rates are upper limits and will be negotiated with the U.S. Environmental Protection Agency.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	83.50	83.50	84.50	84.50	83.50	84.50	1.00	1.20%
Personal Services	4,852,495	5,182,638	5,625,649	5,649,507	10,035,133	11,275,156	1,240,023	12.36%
Operating Expenses	5,193,729	7,581,246	7,499,960	7,325,273	12,774,975	14,825,233	2,050,258	16.05%
Equipment & Intangible Assets	9,970	52,326	51,004	49,970	62,296	100,974	38,678	62.09%
<b>Total Costs</b>	<b>\$10,056,194</b>	<b>\$12,816,210</b>	<b>\$13,176,613</b>	<b>\$13,024,750</b>	<b>\$22,872,404</b>	<b>\$26,201,363</b>	<b>\$3,328,959</b>	<b>14.55%</b>
General Fund	2,873,851	2,954,048	2,946,271	2,951,476	5,827,899	5,897,747	69,848	1.20%
State Special	1,131,114	1,024,756	2,273,984	2,097,913	2,155,870	4,371,897	2,216,027	102.79%
Federal Special	6,051,229	8,837,406	7,956,358	7,975,361	14,888,635	15,931,719	1,043,084	7.01%
<b>Total Funds</b>	<b>\$10,056,194</b>	<b>\$12,816,210</b>	<b>\$13,176,613</b>	<b>\$13,024,750</b>	<b>\$22,872,404</b>	<b>\$26,201,363</b>	<b>\$3,328,959</b>	<b>14.55%</b>

**Page Reference**

Legislative Budget Analysis, C-83

**Funding**

The division is funded with general fund and a variety of state special and federal revenue sources. The division’s primary state special revenue funds are the fees collected for air quality permits and the interest from the investments made in community drinking water projects. The largest portion of federal funds is provided through the Environmental Protection Agency (EPA) programs, including the performance partnership grant and funds for non-point source water projects under the federal Clean Water Act. General fund is utilized for the total maximum daily load (TMDL) program and for matching of federal grants.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,873,851	2,873,851	5,747,702	97.46%	10,056,194	10,056,194	20,112,388	76.76%
Statewide PL Adjustments	182,438	186,557	368,995	6.26%	997,781	1,021,795	2,019,576	7.71%
Other PL Adjustments	(37,545)	(36,288)	(73,833)	(1.25%)	1,491,598	1,510,195	3,001,793	11.46%
New Proposals	(72,473)	(72,644)	(145,117)	(2.46%)	631,040	436,566	1,067,606	4.07%
<b>Total Budget</b>	<b>\$2,946,271</b>	<b>\$2,951,476</b>	<b>\$5,897,747</b>		<b>\$13,176,613</b>	<b>\$13,024,750</b>	<b>\$26,201,363</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,229,062					1,252,667
Vacancy Savings					(243,264)					(244,210)
Inflation/Deflation					11,983					13,338
<b>Total Statewide Present Law Adjustments</b>		<b>\$182,438</b>	<b>\$190,549</b>	<b>\$624,794</b>	<b>\$997,781</b>		<b>\$186,557</b>	<b>\$193,400</b>	<b>\$641,838</b>	<b>\$1,021,795</b>
DP 2005 - Planning Division Operations Adjustments	0.00	(37,119)	73,646	1,456,369	1,492,896	0.00	(35,801)	88,581	1,458,903	1,511,683
DP 7101 - Fuel Inflation Reduction	0.00	(426)	(100)	(772)	(1,298)	0.00	(487)	(113)	(888)	(1,488)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$37,545)</b>	<b>\$73,546</b>	<b>\$1,455,597</b>	<b>\$1,491,598</b>	<b>0.00</b>	<b>(\$36,288)</b>	<b>\$88,468</b>	<b>\$1,458,015</b>	<b>\$1,510,195</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$144,893</b>	<b>\$264,095</b>	<b>\$2,080,391</b>	<b>\$2,489,379</b>	<b>0.00</b>	<b>\$150,269</b>	<b>\$281,868</b>	<b>\$2,099,853</b>	<b>\$2,531,990</b>

DP 2005 - Planning Division Operations Adjustments - The legislature approved an operations adjustment of \$1,492,896 in FY 2010 and \$1,511,683 in FY 2011 in general, state special, and federal special revenue. This adjusts for the receipt of federal grants, and related vacancy costs such as unspent travel, lab analysis work, supplies, and indirect costs.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

### New Proposals

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2004 - Technical Assistance for Waste Water Treatment Sys	20	1.00	0	98,897	0	98,897	1.00	0	101,250	0	101,250
DP 2050 - Personal Services Reduction	20	0.00	(28,988)	(1,650)	(63,600)	(94,238)	0.00	(28,995)	(1,650)	(63,617)	(94,262)
DP 2051 - State Buildings Energy Conservation Program - BIEN (Requires Legislation)	20	0.00	0	808,842	0	808,842	0.00	0	612,749	0	612,749
DP 8101 - Increase Vacancy Savings to 7%	20	0.00	(43,485)	(27,314)	(111,662)	(182,461)	0.00	(43,649)	(27,418)	(112,104)	(183,171)
<b>Total</b>	<b>1.00</b>	<b>(\$72,473)</b>	<b>\$878,775</b>	<b>(\$175,262)</b>	<b>\$631,040</b>	<b>1.00</b>	<b>(\$72,644)</b>	<b>\$684,931</b>	<b>(\$175,721)</b>	<b>\$436,566</b>	

DP 2004 - Technical Assistance for Waste Water Treatment Sys - The legislature approved 1.00 FTE and \$98,897 in FY 2010 and \$101,250 in FY 2011 of state special revenue to provide on-site technical assistance and classroom training to help individuals, communities, and subdivisions to reduce pollution from wastewater treatment facilities.

DP 2050 - Personal Services Reduction - The legislature removed funding for 2.0 FTE that had been vacant longer than six months.

DP 2051 - State Buildings Energy Conservation Program - BIEN (Requires Legislation) - The legislature approved \$808,842 for FY 2010 and \$612,749 for FY 2011 in state special revenue to operate the State Buildings Energy Conservation Program. This will provide for private contractors to analyze energy efficiency in state facilities and establish projects to reduce energy and water consumption.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	15.00	15.00	15.00	15.00	15.00	15.00	0.00	0.00%
Personal Services	873,315	912,383	1,000,381	1,002,939	1,785,698	2,003,320	217,622	12.19%
Operating Expenses	309,306	322,587	408,718	418,451	631,893	827,169	195,276	30.90%
<b>Total Costs</b>	<b>\$1,182,621</b>	<b>\$1,234,970</b>	<b>\$1,409,099</b>	<b>\$1,421,390</b>	<b>\$2,417,591</b>	<b>\$2,830,489</b>	<b>\$412,898</b>	<b>17.08%</b>
General Fund	520,386	530,452	605,629	610,914	1,050,838	1,216,543	165,705	15.77%
State Special	348,850	371,162	487,408	491,658	720,012	979,066	259,054	35.98%
Federal Special	313,385	333,356	316,062	318,818	646,741	634,880	(11,861)	(1.83%)
<b>Total Funds</b>	<b>\$1,182,621</b>	<b>\$1,234,970</b>	<b>\$1,409,099</b>	<b>\$1,421,390</b>	<b>\$2,417,591</b>	<b>\$2,830,489</b>	<b>\$412,898</b>	<b>17.08%</b>

### Page Reference

Legislative Budget Analysis, C-89

### Funding

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air, asbestos control, and discharge permits, as well as subdivision review fees. The largest percentage of federal funds is provided through the Environmental Protection Agency (EPA) programs, predominantly the performance partnership grant.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	520,386	520,386	1,040,772	85.55%	1,182,621	1,182,621	2,365,242	83.56%
Statewide PL Adjustments	57,700	58,981	116,681	9.59%	162,391	165,363	327,754	11.58%
Other PL Adjustments	41,411	45,452	86,863	7.14%	96,353	105,758	202,111	7.14%
New Proposals	(13,868)	(13,905)	(27,773)	(2.28%)	(32,266)	(32,352)	(64,618)	(2.28%)
<b>Total Budget</b>	<b>\$605,629</b>	<b>\$610,914</b>	<b>\$1,216,543</b>		<b>\$1,409,099</b>	<b>\$1,421,390</b>	<b>\$2,830,489</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					202,357					205,112
Vacancy Savings					(43,025)					(43,136)
Inflation/Deflation					3,059					3,387
<b>Total Statewide Present Law Adjustments</b>		<b>\$57,700</b>	<b>\$116,390</b>	<b>(\$11,699)</b>	<b>\$162,391</b>		<b>\$58,981</b>	<b>\$117,415</b>	<b>(\$11,033)</b>	<b>\$165,363</b>
DP 3002 - Enforcement Operations Adjustments- OTO/RST	0.00	41,425	33,341	21,619	96,385	0.00	45,469	36,596	23,730	105,795
DP 7101 - Fuel Inflation Reduction	0.00	(14)	(11)	(7)	(32)	0.00	(17)	(12)	(8)	(37)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$41,411</b>	<b>\$33,330</b>	<b>\$21,612</b>	<b>\$96,353</b>	<b>0.00</b>	<b>\$45,452</b>	<b>\$36,584</b>	<b>\$23,722</b>	<b>\$105,758</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$99,111</b>	<b>\$149,720</b>	<b>\$9,913</b>	<b>\$258,744</b>	<b>0.00</b>	<b>\$104,433</b>	<b>\$153,999</b>	<b>\$12,689</b>	<b>\$271,121</b>

DP 3002 - Enforcement Operations Adjustments- OTO/RST - The legislature approved an operations adjustment for \$96,385 in FY 2010 and \$105,795 in FY 2011 in general fund, state, and federal special revenue. Adjustments were made to restore FY 2008 authorized amounts for contracted services (lab analysis, paper service, temp services, publications and graphics), central stores, field equipment, postage and mailing, in-state travel, education and training, and indirect charges.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increase Vacancy Savings to 7%	30	0.00	(13,868)	(11,162)	(7,236)	(32,266)	0.00	(13,905)	(11,191)	(7,256)	(32,352)
<b>Total</b>	<b>0.00</b>	<b>(\$13,868)</b>	<b>(\$11,162)</b>	<b>(\$7,236)</b>	<b>(\$32,266)</b>	<b>0.00</b>	<b>(\$13,905)</b>	<b>(\$11,191)</b>	<b>(\$7,256)</b>	<b>(\$32,352)</b>	

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	62.76	62.76	62.76	62.76	62.76	62.76	0.00	0.00%
Personal Services	3,339,092	3,753,584	4,035,400	4,047,977	7,092,676	8,083,377	990,701	13.97%
Operating Expenses	5,579,929	8,617,870	16,498,386	15,939,243	14,197,799	32,437,629	18,239,830	128.47%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Capital Outlay	441,304	0	141,304	141,304	441,304	282,608	(158,696)	(35.96%)
Grants	0	20,000	0	0	20,000	0	(20,000)	(100.00%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	1,807	0	0	1,807	0	(1,807)	(100.00%)
<b>Total Costs</b>	<b>\$9,360,325</b>	<b>\$12,393,261</b>	<b>\$20,675,090</b>	<b>\$20,128,524</b>	<b>\$21,753,586</b>	<b>\$40,803,614</b>	<b>\$19,050,028</b>	<b>87.57%</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	2,473,360	3,300,952	13,178,143	12,598,028	5,774,312	25,776,171	20,001,859	346.39%
Federal Special	6,886,965	9,092,309	7,496,947	7,530,496	15,979,274	15,027,443	(951,831)	(5.96%)
<b>Total Funds</b>	<b>\$9,360,325</b>	<b>\$12,393,261</b>	<b>\$20,675,090</b>	<b>\$20,128,524</b>	<b>\$21,753,586</b>	<b>\$40,803,614</b>	<b>\$19,050,028</b>	<b>87.57%</b>

**Page Reference**

Legislative Budget Analysis, C-93

**Funding**

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

The Remediation Division is funded with a mix of state special and federal revenue sources. State special revenue comes from the \$.0075 gas tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the Resource Indemnity Trust deposited to the environmental quality protection, orphan share, and hazardous waste funds. Federal special revenue is derived from the federal Environmental Protection Agency (EPA) for Superfund oversight and various other activities, and the federal Office of Surface Mining for the Abandoned Mine Lands (AML) program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	9,360,325	9,360,325	18,720,650	45.88%
Statewide PL Adjustments	0	0	0	0.00%	814,660	829,057	1,643,717	4.03%
Other PL Adjustments	0	0	0	0.00%	5,514,710	5,551,459	11,066,169	27.12%
New Proposals	0	0	0	0.00%	4,985,395	4,387,683	9,373,078	22.97%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$20,675,090</b>	<b>\$20,128,524</b>	<b>\$40,803,614</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----					-----Fiscal 2011-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				975,034	0.00				988,564	
Vacancy Savings				(172,561)	0.00				(173,109)	
Inflation/Deflation				12,187	0.00				13,602	
<b>Total Statewide Present Law Adjustments</b>										
	<b>\$0</b>	<b>\$320,182</b>	<b>\$494,478</b>	<b>\$814,660</b>	<b>0.00</b>	<b>\$0</b>	<b>\$325,683</b>	<b>\$503,374</b>	<b>\$829,057</b>	
				0	0.00				0	
DP 4002 - Remediation Operations Adjustments										
0.00	0	277,717	169,086	446,803	0.00	0	292,349	191,365	483,714	
DP 4005 - Basin Creek Mine Closure Plan - RST- BIEN - OTO										
0.00	0	375,000	0	375,000	0.00	0	375,000	0	375,000	
DP 4006 - Beal Mountain Mine Closure BIEN-OTO										
0.00	0	130,000	0	130,000	0.00	0	130,000	0	130,000	
DP 4009 - KRY Remediation Oversight - BIEN - RST - OTO										
0.00	0	1,200,000	0	1,200,000	0.00	0	1,200,000	0	1,200,000	
DP 4011 - Accelerated Remediation CECRA Sites BIEN/RST/OTO										
0.00	0	364,000	0	364,000	0.00	0	364,000	0	364,000	
DP 4012 - CECRA Accelerated Remediation Base Adjustment										
0.00	0	3,000,000	0	3,000,000	0.00	0	3,000,000	0	3,000,000	
DP 7101 - Fuel Inflation Reduction										
0.00	0	(324)	(769)	(1,093)	0.00	0	(371)	(884)	(1,255)	
				0	0.00				0	
<b>Total Other Present Law Adjustments</b>										
<b>0.00</b>	<b>\$0</b>	<b>\$5,346,393</b>	<b>\$168,317</b>	<b>\$5,514,710</b>	<b>0.00</b>	<b>\$0</b>	<b>\$5,360,978</b>	<b>\$190,481</b>	<b>\$5,551,459</b>	
				0	0.00				0	
<b>Grand Total All Present Law Adjustments</b>										
<b>0.00</b>	<b>\$0</b>	<b>\$5,666,575</b>	<b>\$662,795</b>	<b>\$6,329,370</b>	<b>0.00</b>	<b>\$0</b>	<b>\$5,686,661</b>	<b>\$693,855</b>	<b>\$6,380,516</b>	

DP 4002 - Remediation Operations Adjustments - The legislature approved \$446,803 in FY 2010 and \$483,714 in FY 2011 of state and federal special revenue authority. This is a net adjustment of decreased contract services and increased travel, training, and communication expenditures due to vacancies, use of student interns, and indirect cost adjustments.

DP 4005 - Basin Creek Mine Closure Plan - RST- BIEN - OTO - The legislature approved restricted one-time only biennial state special revenue authority of \$750,000 to complete the closure at Basin Creek mine. This property was acquired as part of the Pegasus bankruptcy. The project is using a combination of existing reclamation bond monies forfeited by Pegasus and general obligation (GO) bond monies to complete closure. The additional activities will qualify as match for Environmental Protection Agency (EPA) cleanup at the Basin/Upper Ten-mile federal superfund site.

DP 4006 - Beal Mountain Mine Closure BIEN-OTO - The legislature approved one-time only biennial state special revenue authority of \$260,000 to implement the Beal Mountain Mine closure plan. These activities will be completed using reclamation bond monies remaining in the site account as well as the monies generated from the auction of equipment at the site during FY 2009.

DP 4009 - KRY Remediation Oversight - BIEN - RST - OTO - The legislature approved one-time only biennial restricted appropriation authority of \$2.4 million in order to implement remedial action plans at Kalispell Pole and Timber, Reliance Refinery, and Yale Oil (KRY) state Superfund sites. This package will cover contracted services to prepare and review engineering plans as well as oversee activities associated with cleaning up the site.

DP 4011 - Accelerated Remediation CECRA Sites BIEN/RST/OTO - The legislature approved one-time only biennial restricted appropriation authority of \$728,000 in order to implement remedial action plans at the Upper Blackfoot Mining Complex CECRA site. Funding will be used for contract services to complete baseline human health and ecological risk assessments as well as a feasibility study to identify the appropriate methods to clean up contaminants at the site.

DP 4012 - CECRA Accelerated Remediation Base Adjustment - The legislature approved \$3.0 million per year in state special revenue spending authority for operating expenses in order to continue successful implementation of remedial

action plans at state Superfund CECRA sites. Funding will be used for remedial actions to address contaminants affecting human health and the environment using contracted services.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds	
DP 4015 - Joint DEQ-DNRC Reliance Refinery - BIEN-OTO-RST 40	0.00	0	4,500,000	0	4,500,000	0.00	0	4,500,000	0	4,500,000
DP 4016 - Remediation New Leased Vehicles 40	0.00	0	0	14,814	14,814	0.00	0	0	17,507	17,507
DP 4050 - KRY PLP Funding (RST/BIEN/OTO) 40	0.00	0	600,000	0	600,000	0.00	0	0	0	0
DP 8101 - Increase Vacancy Savings to 7% 40	0.00	0	(61,792)	(67,627)	(129,419)	0.00	0	(61,993)	(67,831)	(129,824)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>\$5,038,208</b>	<b>(\$52,813)</b>	<b>\$4,985,395</b>	<b>0.00</b>	<b>\$0</b>	<b>\$4,438,007</b>	<b>(\$50,324)</b>	<b>\$4,387,683</b>

DP 4015 - Joint DEQ-DNRC Reliance Refinery - BIEN-OTO-RST - The legislature approved a \$9.0 million one-time-only, biennial, restricted state special revenue appropriation for the cleanup of the state owned Reliance Refinery property, which has been contaminated by refinery wastes and wood treating contaminants.

DP 4016 - Remediation New Leased Vehicles - The legislature approved \$14,814 in FY 2010 and \$17,507 in FY 2011 in federal special revenue for additional motor pool leases of a hybrid sedan and a hybrid small utility vehicle. These vehicles will be utilized by the Abandoned Mine Lands (AML) program in the Remediation Division. This program is expanding due to increased federal awards from the U.S. Office of Surface Mining (OSM).

DP 4050 - KRY PLP Funding (RST/BIEN/OTO) - The legislature approved a biennial appropriation of \$600,000 to cover remediation claims for liable parties that did not contribute to the contamination at the KRY site.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	199.03	199.03	205.03	205.03	199.03	205.03	6.00	3.01%
Personal Services	10,897,631	12,301,649	13,554,719	13,594,925	23,199,280	27,149,644	3,950,364	17.03%
Operating Expenses	7,163,107	12,154,977	10,381,632	10,355,954	19,318,084	20,737,586	1,419,502	7.35%
Equipment & Intangible Assets	97,857	185,428	100,557	100,557	283,285	201,114	(82,171)	(29.01%)
Grants	1,870,416	2,196,541	2,033,416	2,033,416	4,066,957	4,066,832	(125)	0.00%
Transfers	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$20,029,011</b>	<b>\$26,838,595</b>	<b>\$26,070,324</b>	<b>\$26,084,852</b>	<b>\$46,867,606</b>	<b>\$52,155,176</b>	<b>\$5,287,570</b>	<b>11.28%</b>
General Fund	1,016,945	1,192,566	1,336,464	1,347,933	2,209,511	2,684,397	474,886	21.49%
State Special	13,245,316	17,311,797	17,962,785	17,988,363	30,557,113	35,951,148	5,394,035	17.65%
Federal Special	5,766,750	8,334,232	6,771,075	6,748,556	14,100,982	13,519,631	(581,351)	(4.12%)
<b>Total Funds</b>	<b>\$20,029,011</b>	<b>\$26,838,595</b>	<b>\$26,070,324</b>	<b>\$26,084,852</b>	<b>\$46,867,606</b>	<b>\$52,155,176</b>	<b>\$5,287,570</b>	<b>11.28%</b>

### Page Reference

Legislative Budget Analysis, C-103

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Governor.

The division is funded with general fund and a variety of state and federal special revenue sources. The general fund provides 8.5 percent of the total funding and supports operating expenses.

State special revenue consists of forfeited hard rock reclamation bonds, and fees collected for various activities such as air permits, junk vehicle fines, public water supply connections, and subdivision reviews. These funds are used to administer related permits and compliance operations in the division. The division also receives Resource Indemnity Trust (RIT) interest via the hazardous waste and natural resources operations fund.

Federal special revenue sources include the Environmental Protection Agency (EPA) and the Bureau of Land Management (BLM). Federal funds are directed toward specific sites or for primacy costs of the permitting programs.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,016,945	1,016,945	2,033,890	75.77%	20,029,011	20,029,011	40,058,022	76.81%
Statewide PL Adjustments	160,217	163,212	323,429	12.05%	2,767,050	2,813,059	5,580,109	10.70%
Other PL Adjustments	679,997	689,885	1,369,882	51.03%	4,196,028	4,217,173	8,413,201	16.13%
New Proposals	(520,695)	(522,109)	(1,042,804)	(38.85%)	(921,765)	(974,391)	(1,896,156)	(3.64%)
<b>Total Budget</b>	<b>\$1,336,464</b>	<b>\$1,347,933</b>	<b>\$2,684,397</b>		<b>\$26,070,324</b>	<b>\$26,084,852</b>	<b>\$52,155,176</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	Fiscal 2010				Fiscal 2011					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,299,017					3,342,161
Vacancy Savings					(567,858)					(569,598)
Inflation/Deflation					35,891					40,496
<b>Total Statewide Present Law Adjustments</b>		<b>\$160,217</b>	<b>\$2,062,672</b>	<b>\$544,161</b>	<b>\$2,767,050</b>		<b>\$163,212</b>	<b>\$2,120,364</b>	<b>\$529,483</b>	<b>\$2,813,059</b>
DP 5002 - Air Online Permit & Compliance Reporting BIEN/OTO	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 5006 - ARMB Student Intern Funding	0.00	0	94,946	0	94,946	0.00	0	94,946	0	94,946
DP 5018 - Permitting & Compliance Operations Adjustments	0.00	110,169	939,411	533,493	1,583,073	0.00	110,083	959,025	525,404	1,594,512
DP 5019 - Hard Rock-Major Facility Siting Act Projs-BIEN-RST	0.00	0	1,700,000	50,000	1,750,000	0.00	0	1,700,000	50,000	1,750,000
DP 5021 - Public Water Supply Staff	6.00	570,000	0	0	570,000	6.00	580,000	0	0	580,000
DP 5050 - Air Quality Support	0.00	0	125,000	0	125,000	0.00	0	125,000	0	125,000
DP 7101 - Fuel Inflation Reduction	0.00	(172)	(1,116)	(703)	(1,991)	0.00	(198)	(1,280)	(807)	(2,285)
<b>Total Other Present Law Adjustments</b>	<b>6.00</b>	<b>\$679,997</b>	<b>\$2,933,241</b>	<b>\$582,790</b>	<b>\$4,196,028</b>	<b>6.00</b>	<b>\$689,885</b>	<b>\$2,952,691</b>	<b>\$574,597</b>	<b>\$4,217,173</b>
<b>Grand Total All Present Law Adjustments</b>	<b>6.00</b>	<b>\$840,214</b>	<b>\$4,995,913</b>	<b>\$1,126,951</b>	<b>\$6,963,078</b>	<b>6.00</b>	<b>\$853,097</b>	<b>\$5,073,055</b>	<b>\$1,104,080</b>	<b>\$7,030,232</b>

DP 5002 - Air Online Permit & Compliance Reporting BIEN/OTO - The legislature approved biennial one-time only state special revenue authority of \$150,000 to contract for enhancements to the CEDARS (Consolidated Environmental Database and Retrieval System) database. This enhancement will allow regulated facilities to submit required reports and information online.

DP 5006 - ARMB Student Intern Funding - The legislature approved \$94,946 per year in state special revenue in order to hire student interns in the Air Resources Management Bureau (ARMB). This will fund up to four student interns who will provide assistance with air quality permitting and compliance activities and increase program efficiency.

DP 5018 - Permitting & Compliance Operations Adjustments - The legislature approved a base operating adjustment of \$1,583,073 in FY 2010 and \$1,594,512 in FY 2011 of general fund, and state and federal special revenue. Base expenditures were low in junk vehicle grants to counties, reimbursements for abandoned vehicles, contracts not put into place due to vacancies, and underground storage tank funding.

DP 5019 - Hard Rock-Major Facility Siting Act Projs-BIEN-RST - The legislature approved a restricted biennial request for \$3.5 million in state and federal special revenue for hard rock reclamation and Major Facility Siting Act (MFSa) projects. Project spending authority will be used for reclamation of mine sites that will be funded by various bond forfeitures, settlement agreements, or funds raised through the sale of general obligation bonds authorized by 82-4-314, MCA. The authority for MFSa projects is based on past projects and the potential for future projects.

DP 5021 - Public Water Supply Staff - The legislature approved 6.00 FTE and \$0.5 million general fund in FY 2010 and FY 2011 to address the deficiencies in the 2007 EPA Primacy Report on the status of Montana's Public Water Supply

Program. Deficiencies cited include insufficient resources to adequately implement the required elements of the Safe Drinking Water Act, continued EPA roll-out of federal regulations, and failure to protect public health.

*The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

#### Justification

The department is the approved (primacy) agency to implement federal drinking water regulations in the state. The department must adopt and implement each new requirement, which often requires resources and ongoing technical assistance. Despite department efforts to increase efficiency and improve resources, it has not been possible to keep pace with the increasing demands and workload.

With two new regulations needing to be implemented now, one more in the very near future (2009), and more on the horizon, the situation has now reached the critical point and has become an unquestionable threat to the public health.

#### Project Outcome(s)

The overall goal of the project is to reduce the number of public water systems (PWSs) that become significant non-compliers (SNCs) and eliminate the backlog of PWS sanitary surveys (inspections) and keep current on all required surveys. This will provide a higher level of assurance to the public that their water is safe to drink.

#### Performance Criteria

With the added staff, the PWS Program should be able to:

- Adopt and implement new federal regulations; Long Term 2 Surface Water Treatment Rules (LT2), Stage 2 Disinfection and Disinfection By-Product Rules (Stage 2), and the Groundwater Rule
- Provide additional technical assistance to public water systems and eliminate the backlog of sanitary surveys needed
- Reduce the number of systems becoming SNCs

#### Milestones

- Adopt and begin implementation of LT2 and Stage 2 regulations by June 2010
- Adopt and begin implementation of the Groundwater Rule by December 2011
- Eliminate backlog of sanitary surveys (approx. 400) by June 2011
- Reduce number of SNCs by 20 percent by the end of the biennium

#### FTE

During FY2009 the Governor's Office authorized 9.00 modified FTE across 13 positions to begin the process of improving the state's ability to implement the regulations and increase assurance the drinking water provided to the public is safe. Those positions include:

- Nine environmental science specialists whose duties include rule implementation, compliance determination, technical assistance, sanitary surveys, and operator training
- One data control technician who would be responsible for inputting data generated by the new FTE into the database, verifying data accuracy, and preparing reports from the database
- Two administrative support positions to provide assistance to the new FTE

The nine environmental science specialist positions were expected to be filled by the first half of November 2008 and the remaining positions will be filled 2 to 4 weeks after.

#### Funding

General fund is requested because existing funding sources consisting of fees and federal grants are inadequate. No additional federal grant funding is available. The fees are statutorily set and would require more than a 300 percent

increase to fund the proposal. The program will require ongoing support of \$1.1 to \$1.2 million per year after the 2011 biennium.

#### Obstacles

New environmental science specialists will need training and guidance on the regulations that they will be working with. Depending on the experience level of a new employee and the regulations they will be responsible for, it could take six months to a year before an employee is fully proficient. EPA Region 8 has committed to providing access to EPA's rule management staff to assist in training the new staff.

#### Risk

If the modified positions are not approved and retained, the remaining staff will have the task of trying to implement all existing and new federal regulations for public drinking water. Since it has already been documented that current staffing levels are inadequate, it is highly likely that staff will only be able to partially implement the regulations and will be unable to provide much technical assistance to the water systems. The number of water systems with violations will increase and sanitary surveys will become further backlogged. Assurances that public drinking water is safe will decline.

In the worst case, the Environmental Protection Agency (EPA) could determine that DEQ cannot adequately implement the requirements of the federal regulations in Montana. The EPA could withdraw the state's "primacy", meaning that the EPA could withdraw the authority they have granted us to be the primary agency to implement the federal rules, resulting in a loss of approximately \$1.2 million in federal revenue.

DP 5050 - Air Quality Support (RST)- The legislature provided \$125,000 each year of the biennium of state special revenue derived from air quality fees to support the following functions: 1) financial support for county air programs; 2) Butte office operations, and; 3) air monitoring equipment, operations and maintenance in the Sidney area to obtain data on the effects of the oil and gas industry on air quality.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5010 - Swift Gulch Treatment System Operating Expenses	50	0.00	40,000	0	0	40,000	0.00	40,000	0	0	40,000
DP 5050 - RIT Reduction - Environmental Management	50	0.00	0	0	0	0	0.00	0	(25,000)	0	(25,000)
DP 5055 - RIT Reduction - Industrial Energy Bureau	50	0.00	0	0	0	0	0.00	0	(25,000)	0	(25,000)
DP 5060 - General Fund Reduction	50	0.00	(535,866)	0	0	(535,866)	0.00	(537,194)	0	0	(537,194)
DP 8101 - Increase Vacancy Savings to 7%	50	0.00	(24,829)	(278,444)	(122,626)	(425,899)	0.00	(24,915)	(280,008)	(122,274)	(427,197)
<b>Total</b>	<b>0.00</b>	<b>(\$520,695)</b>	<b>(\$278,444)</b>	<b>(\$122,626)</b>	<b>(\$921,765)</b>	<b>0.00</b>	<b>(\$522,109)</b>	<b>(\$330,008)</b>	<b>(\$122,274)</b>	<b>(\$974,391)</b>	

DP 5010 - Swift Gulch Treatment System Operating Expenses - The legislature provided \$40,000 general fund per year in the 2011 biennium for operating expenses for the Swift Gulch treatment system at the Zortman-Landusky mine site.

DP 5050 - RIT Reduction - Environmental Management - The legislature approved a FY 2011 reduction of \$25,000 from the RIT natural resource operations funding from the Environmental Management Bureau to account for reduced revenues to the fund.

DP 5055 - RIT Reduction - Industrial Energy Bureau - The legislature approved a FY 2011 reduction of \$25,000 from the RIT natural resources operations funding from the operations of the Industrial Energy Bureau to account for reduced revenues to the fund.

DP 5060 - General Fund Reduction - The legislature approved general fund reductions in the Permitting and Compliance Division in areas where fees are required by statute to cover costs. This totals approximately \$1.1 million over the biennium.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	6.00	6.00	6.00	6.00	6.00	6.00	0.00	0.00%
Personal Services	328,535	361,719	347,305	348,112	690,254	695,417	5,163	0.75%
Operating Expenses	214,086	336,807	382,417	385,833	550,893	768,250	217,357	39.46%
<b>Total Costs</b>	<b>\$542,621</b>	<b>\$698,526</b>	<b>\$729,722</b>	<b>\$733,945</b>	<b>\$1,241,147</b>	<b>\$1,463,667</b>	<b>\$222,520</b>	<b>17.93%</b>
State Special	542,621	698,526	729,722	733,945	1,241,147	1,463,667	222,520	17.93%
<b>Total Funds</b>	<b>\$542,621</b>	<b>\$698,526</b>	<b>\$729,722</b>	<b>\$733,945</b>	<b>\$1,241,147</b>	<b>\$1,463,667</b>	<b>\$222,520</b>	<b>17.93%</b>

**Page Reference**

Legislative Budget Analysis, C-118

**Funding**

The program is funded solely through a portion of the \$0.0075 fee on gasoline, diesel, heating oil, and aviation fuel distributed in Montana.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	542,621	542,621	1,085,242	74.15%
Statewide PL Adjustments	0	0	0	0.00%	19,701	20,555	40,256	2.75%
Other PL Adjustments	0	0	0	0.00%	178,280	181,677	359,957	24.59%
New Proposals	0	0	0	0.00%	(10,880)	(10,908)	(21,788)	(1.49%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$729,722</b>	<b>\$733,945</b>	<b>\$1,463,667</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					34,157					35,029
Vacancy Savings					(14,507)					(14,544)
Inflation/Deflation					51					70
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$19,701</b>	<b>\$0</b>	<b>\$19,701</b>		<b>\$0</b>	<b>\$20,555</b>	<b>\$0</b>	<b>\$20,555</b>
DP 9001 - Petroleum Board Subrogation Operation Adjustments	0.00	0	178,280	0	178,280	0.00	0	181,677	0	181,677
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$178,280</b>	<b>\$0</b>	<b>\$178,280</b>	<b>0.00</b>	<b>\$0</b>	<b>\$181,677</b>	<b>\$0</b>	<b>\$181,677</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$197,981</b>	<b>\$0</b>	<b>\$197,981</b>	<b>0.00</b>	<b>\$0</b>	<b>\$202,232</b>	<b>\$0</b>	<b>\$202,232</b>

DP 9001 - Petroleum Board Subrogation Operation Adjustments - The legislature approved a request to restore base expenditures for the Petroleum Tank Release Compensation Board. The biennial adjustment includes \$20,000 for retirement costs, \$5,987 for communications, \$63,983 for agency indirect costs, and \$270,000 for legal fees related to subrogation.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 8101 - Increase Vacancy Savings to 7%	90	0.00	0	(10,880)	0	(10,880)	0.00	0	(10,908)	0	(10,908)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$10,880)</b>	<b>\$0</b>	<b>(\$10,880)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$10,908)</b>	<b>\$0</b>	<b>(\$10,908)</b>	

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

"The department is appropriated up to \$500,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2011 biennium for the purpose of paying contract expenses related to the recovery of funds."

**Agency Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	2,134.96	2,134.96	2,111.26	2,111.26	2,134.96	2,111.26	(23.70)	(1.11%)
Personal Services	129,928,240	142,044,054	134,720,685	135,241,134	271,972,294	269,961,819	(2,010,475)	(0.74%)
Operating Expenses	349,392,502	379,613,277	395,482,795	389,336,031	729,005,779	784,818,826	55,813,047	7.66%
Equipment & Intangible Assets	1,902,440	1,736,957	3,032,975	2,086,440	3,639,397	5,119,415	1,480,018	40.67%
Capital Outlay	15,979,768	12,870,929	15,979,768	15,979,768	28,850,697	31,959,536	3,108,839	10.78%
Local Assistance	447,116	407,684	447,116	447,116	854,800	894,232	39,432	4.61%
Grants	14,494,485	24,049,038	18,077,140	16,227,140	38,543,523	34,304,280	(4,239,243)	(11.00%)
Transfers	13,701	10,283	13,701	13,701	23,984	27,402	3,418	14.25%
Debt Service	0	500	0	0	500	0	(500)	(100.00%)
<b>Total Costs</b>	<b>\$512,158,252</b>	<b>\$560,732,722</b>	<b>\$567,754,180</b>	<b>\$559,331,330</b>	<b>\$1,072,890,974</b>	<b>\$1,127,085,510</b>	<b>\$54,194,536</b>	<b>5.05%</b>
General Fund	0	0	2,600,000	0	0	2,600,000	2,600,000	n/a
State Special	210,536,687	245,824,393	231,338,571	228,202,792	456,361,080	459,541,363	3,180,283	0.70%
Federal Special	301,621,565	314,908,329	333,815,609	331,128,538	616,529,894	664,944,147	48,414,253	7.85%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$512,158,252</b>	<b>\$560,732,722</b>	<b>\$567,754,180</b>	<b>\$559,331,330</b>	<b>\$1,072,890,974</b>	<b>\$1,127,085,510</b>	<b>\$54,194,536</b>	<b>5.05%</b>

**Page Reference**

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**Executive Budget Comparison**

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	2,134.96	2,145.96	2,111.26	(34.70)	2,145.96	2,111.26	(34.70)	
Personal Services	129,928,240	136,785,332	134,720,685	(2,064,647)	137,323,160	135,241,134	(2,082,026)	(4,146,673)
Operating Expenses	349,392,502	376,052,457	395,482,795	19,430,338	383,789,082	389,336,031	5,546,949	24,977,287
Equipment & Intangible Assets	1,902,440	3,032,975	3,032,975	0	2,086,440	2,086,440	0	0
Capital Outlay	15,979,768	15,979,768	15,979,768	0	15,979,768	15,979,768	0	0
Local Assistance	447,116	447,116	447,116	0	447,116	447,116	0	0
Grants	14,494,485	17,077,140	18,077,140	1,000,000	15,227,140	16,227,140	1,000,000	2,000,000
Transfers	13,701	13,701	13,701	0	13,701	13,701	0	0
Debt Service	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$512,158,252</b>	<b>\$549,388,489</b>	<b>\$567,754,180</b>	<b>\$18,365,691</b>	<b>\$554,866,407</b>	<b>\$559,331,330</b>	<b>\$4,464,923</b>	<b>\$22,830,614</b>
General Fund	0	0	2,600,000	2,600,000	0	0	0	2,600,000
State/Other Special	210,536,687	229,974,326	231,338,571	1,364,245	228,337,831	228,202,792	(135,039)	1,229,206
Federal Special	301,621,565	319,414,163	333,815,609	14,401,446	326,528,576	331,128,538	4,599,962	19,001,408
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$512,158,252</b>	<b>\$549,388,489</b>	<b>\$567,754,180</b>	<b>\$18,365,691</b>	<b>\$554,866,407</b>	<b>\$559,331,330</b>	<b>\$4,464,923</b>	<b>\$22,830,614</b>

The legislative budget is \$22.8 million in total funds higher than the executive budget with the increase primarily in federal funds associated with a revised request concurred in by the executive that failed to meet the statutory deadline for the executive budget submission. Staffing in the legislative budget is 34.70 FTE lower than in the executive budget. The most significant revisions from the executive budget are summarized below.

A request to fund the federal-aid highway construction program was revised by the executive after the December 15 budget was submitted. The request was revised to reflect the construction plan linked to the most current expectations of federal funding for highways. The revision was concurred in by the legislature and increased state special funding by \$3.0 million and federal special funding by \$20.1 million over the biennium. (This increase does not include any funding anticipated due to the federal stimulus bill.)

Other revisions included:

- o Funding to provide emergency medical services grants was added, resulting in a biennium increase of \$2.0 million from the nonrestricted highways state special revenue account
- o Funding and corresponding positions that appear on the state human resources system as being vacant for over one year were eliminated, resulting in a biennium reduction of \$2.3 million and 26.70 FTE
- o Funding to change motor carrier enforcement from a three region to a five region structure was not approved, resulting in a biennium reduction of \$1.0 million state special revenue
- o Funding to increase motor carrier enforcement on the I-90 corridor to 24 hours, 7 days per week coverage was not approved, resulting in a biennium reduction of \$0.9 million state special revenue
- o Funding for computer services contracts and maintenance costs was not approved, resulting in a biennium reduction of \$0.5 million
- o Funding for mobile and portable handheld radios was not approved, resulting in a biennium reduction of \$0.2 million
- o Funding for administrative costs of the Rail Transit Authority was approved, resulting in a biennium increase of \$100,000

The executive budget included a request for a language appropriation to fund litigation costs associated with rail shipping rates. The legislature appropriated these funds in HB 2 instead of approving the funding in language. This funding reflects an increase of \$2.6 million general fund over the executive when no increase exists. Instead of being an increase, only the form of the appropriation was changed.

**Agency Highlights**

<b>Department of Transportation Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The HB 2 total fund budget for the department increases by \$54.2 million, or 5.0 percent, from the 2009 biennium to the 2011 biennium                             <ul style="list-style-type: none"> <li>• Contractor payments for the federal-aid construction program account for the largest increase and are at the federal FY 2009 funding levels and corresponding 2008 tentative construction plan</li> <li>• The state funded construction program is moved from the Construction Program to the Maintenance Program and increases by \$12.3 million over the biennium to fund it at \$10.0 million per year or the level of maintenance of effort to maintain favorable federal funding rates</li> <li>• Growth in payments to the Equipment Program adds \$4.5 million</li> <li>• Increasing the pavement marking program to typical annual levels adds \$3.8 million</li> <li>• Continuing to monitor commercial vehicles for safety issues around Montana’s northern border adds \$3.5 million federal special revenue</li> <li>• Funding for the Motor Carrier Safety Assistance Program and Expanded Commercial Vehicle Information Systems and Networks projects adds \$2.1 million state special revenue funding from Unified Carrier Registration fees</li> <li>• Funding to provide grants to local transit entities to purchase buses adds \$2.1 million federal funds</li> <li>• Funding to provide emergency medical services grants adds \$2.0</li> </ul> </li> </ul>

- million nonrestricted state funds
  - Higher costs for chemical deicing solution adds \$1.2 million state funds
- ◆ Staffing in the department was reduced by a net 23.70 FTE due to a combination of reductions and increases:
  - Elimination of positions that were identified on a state human resources report as being vacant for over a year resulted in a reduction of 26.70 FTE
  - A funding switch moved a current 1.00 FTE from funding under a statutory appropriation to HB 2 funding to administer tribal fuel tax refunds and agreements
  - The addition of 1.00 FTE to coordinate projects of the department's traffic records strategic plan
  - The addition of 1.00 FTE to coordinate state and tribal highway safety initiatives

## Agency Discussion

### *Companion Legislation*

The following were approved by the legislature for inclusion in the companion bill to HB 2:

- o Repeal 15-1-122(2), which annually transfers \$3.0 million general fund to the nonrestricted highways state special revenue account
- o The Department of Transportation shall report to the Governor and the Legislative Finance Committee not later than November 1 of the year preceding a regular session of the legislature regarding emergency medical services grants that are awarded during each biennium. The report must include a listing of all grant requests and a listing of grants awarded, including a summary of the use of grant funds

### *Highways State Special Revenue Account Working Capital Analysis*

Montana has a vast network of highways that plays a major role in Montana's transportation needs. Montana has nearly 70,000 centerline miles of public roads, of which the Department of Transportation (DOT) has responsibility for nearly 11,000. The remaining roughly 59,000 miles are mostly rural and municipal roads maintained by local governments or private citizens. The department would spend roughly \$1.1 billion in the 2011 biennium to maintain, rebuild, and operate the 11,000 miles of paved roads under its responsibility. To a large extent, funding to support construction activities comes from federal funding with state matching funds from the highways state special revenue account. The state special revenue account also supports highway maintenance and operation costs that are important to keeping the highways in good repair and safe for the traveling public. Because of the strong reliance on highways state special revenue funding, the legislature pays a particular interest in this funding source. Among other things, the legislature includes estimates of the three most dominant revenue sources for the account in its HJR 2 revenue estimates of key non-general fund sources. The following provides a summary of the two accounts that make up the highways state special revenue account: the restricted account funded with revenues that are protected by the state constitution (HSRA-R) and the nonrestricted account funded with revenues that are not constitutionally protected (HSRA-NR).

### Sources of Revenue

The Constitution of the State of Montana states that revenues from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways are to be used solely for paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Constitutionally protected revenues are deposited in HSRA-R and are expended for purposes specified in the constitution. Nonrestricted revenues are derived from special use permits and motor fuel penalties and interest payments and are deposited in HSRA-NR and are expended for other purposes not restricted by the constitution.

Analysis Results

The figure illustrates the result of working capital analysis of the highways state special revenue account. The figure shows the combined balance for both the restricted and nonrestricted accounts as of current legislative action. As illustrated, the legislative budget would result in a balance of \$38.9 million at the end of the 2011 biennium. This balance would be \$32.6 million if the portion of the companion legislation that repeals 15-1-122(2) is passed and approved. In either case, the account balance is significantly higher than the balance anticipated prior to the beginning of the 2009 Legislature. The main difference is an increase in the expected federal indirect cost recovery revenue the department would realize under its negotiated indirect cost recovery agreement with the federal highways administration. The indirect cost recovery revenue has increased by \$47.5 million over the biennium from the estimates reflected earlier by the department.

Working Capital Balance Highways State Special Revenue Fiscal Years 2008 - 2011 (in Millions)				
Description	FY 2008 Actual	FY 2009 Approp.	FY 2010 Budget	FY 2011 Budget
Beginning Working Capital Balance	\$24.1	\$41.3	\$15.4	\$21.4
Revenues	292.1	273.1	286.2	289.0
Expenditures	<u>274.4</u>	<u>299.0</u>	<u>280.1</u>	<u>278.9</u>
Revenues less Expenditures	\$17.7	(\$25.9)	\$6.0	\$10.1
Ending Working Capital Balance	<u>\$41.3</u>	<u>\$15.4</u>	<u>\$21.4</u>	<u>\$31.5</u>

**Funding**

The following table summarizes funding for the agency, by program and source, as recommended by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 General Operations Program	\$ 2,600,000	\$ 47,338,730	\$ 3,102,893	\$ 53,041,623	4.71%
02 Construction Program	-	154,989,880	602,999,757	757,989,637	67.25%
03 Maintenance Program	-	227,032,627	15,109,636	242,142,263	21.48%
22 Motor Carrier Services Div.	-	16,425,508	6,165,369	22,590,877	2.00%
40 Aeronautics Program	-	3,664,994	285,000	3,949,994	0.35%
50 Rail, Transit, & Planning Division	-	10,089,624	37,281,492	47,371,116	4.20%
Grand Total	<u>\$ 2,600,000</u>	<u>\$ 459,541,363</u>	<u>\$ 664,944,147</u>	<u>\$1,127,085,510</u>	<u>100.00%</u>

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	512,158,252	512,158,252	1,024,316,504	90.88%
Statewide PL Adjustments	0	0	0	0.00%	6,001,013	6,360,400	12,361,413	1.10%
Other PL Adjustments	0	0	0	0.00%	48,444,484	42,586,388	91,030,872	8.08%
New Proposals	2,600,000	0	2,600,000	100.00%	1,150,431	(1,773,710)	(623,279)	(0.06%)
<b>Total Budget</b>	<b>\$2,600,000</b>	<b>\$0</b>	<b>\$2,600,000</b>		<b>\$567,754,180</b>	<b>\$559,331,330</b>	<b>\$1,127,085,510</b>	

**Language and Statutory Authority**

The following language was approved for the department:

"The department may adjust appropriations in the general operations, construction, maintenance, and transportation planning programs between state special revenue and federal special revenue funds if the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the Legislature for each program."

"All federal special revenue appropriations in the department are biennial."

"All appropriations in the general operations, construction, maintenance, and transportation planning programs are biennial."

"All remaining federal pass-through grant appropriations for highway traffic safety, including reversions for the 2009 biennium, are authorized to continue and are appropriated in FY 2010 and FY 2011."

"In the motor pool program, if the price of gasoline goes above \$3.71, Tier 2 rates may be charged if approved by the Office of Budget and Program Planning. If the price of gasoline goes above \$4.21, Tier 3 rates may be charged if approved by the Office of Budget and Program Planning."

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	187.37	187.37	185.87	185.87	187.37	185.87	(1.50)	(0.80%)
Personal Services	11,519,695	12,917,898	12,515,621	12,561,578	24,437,593	25,077,199	639,606	2.62%
Operating Expenses	10,902,842	12,623,317	15,048,780	12,257,572	23,526,159	27,306,352	3,780,193	16.07%
Equipment & Intangible Assets	31,859	393,141	31,859	31,859	425,000	63,718	(361,282)	(85.01%)
Grants	297,177	649,444	297,177	297,177	946,621	594,354	(352,267)	(37.21%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	500	0	0	500	0	(500)	(100.00%)
<b>Total Costs</b>	<b>\$22,751,573</b>	<b>\$26,584,300</b>	<b>\$27,893,437</b>	<b>\$25,148,186</b>	<b>\$49,335,873</b>	<b>\$53,041,623</b>	<b>\$3,705,750</b>	<b>7.51%</b>
General Fund	0	0	2,600,000	0	0	2,600,000	2,600,000	n/a
State Special	21,045,984	24,970,490	23,742,284	23,596,446	46,016,474	47,338,730	1,322,256	2.87%
Federal Special	1,705,589	1,613,810	1,551,153	1,551,740	3,319,399	3,102,893	(216,506)	(6.52%)
<b>Total Funds</b>	<b>\$22,751,573</b>	<b>\$26,584,300</b>	<b>\$27,893,437</b>	<b>\$25,148,186</b>	<b>\$49,335,873</b>	<b>\$53,041,623</b>	<b>\$3,705,750</b>	<b>7.51%</b>

**Page Reference**

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**Funding**

The General Operations Program is funded from the highways state special revenue fund and federal special revenue. The highways state special revenue fund receives revenue primarily from motor fuel taxes, gross vehicle weight permit fees, and reimbursements for indirect costs associated with the federal-aid highway program via a Federal Highways Administration (FHWA) approved indirect cost plan. Federal funding is available for assistance for disadvantaged businesses, training, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	22,751,573	22,751,573	45,503,146	85.79%
Statewide PL Adjustments	0	0	0	0.00%	2,794,321	2,628,228	5,422,549	10.22%
Other PL Adjustments	0	0	0	0.00%	190,071	221,521	411,592	0.78%
New Proposals	2,600,000	0	2,600,000	100.00%	2,157,472	(453,136)	1,704,336	3.21%
<b>Total Budget</b>	<b>\$2,600,000</b>	<b>\$0</b>	<b>\$2,600,000</b>		<b>\$27,893,437</b>	<b>\$25,148,186</b>	<b>\$53,041,623</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,956,439					2,005,433
Vacancy Savings					(539,048)					(541,003)
Inflation/Deflation					9,705					10,944
Fixed Costs					1,367,225					1,152,854
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$2,951,258</b>	<b>(\$156,937)</b>	<b>\$2,794,321</b>		<b>\$0</b>	<b>\$2,784,535</b>	<b>(\$156,307)</b>	<b>\$2,628,228</b>
DP 1001 - Equipment Rental	0.00	0	3,065	0	3,065	0.00	0	2,311	0	2,311
DP 1002 - Overtime/Differential	0.00	0	43,417	6,666	50,083	0.00	0	43,417	6,666	50,083
DP 1101 - Office Equipment Cost Reduction	0.00	0	(1,754)	0	(1,754)	0.00	0	(1,754)	0	(1,754)
DP 1301 - Training Reduction	0.00	0	(8,600)	0	(8,600)	0.00	0	(8,600)	0	(8,600)
DP 1302 - District Health & Safety Specialists	0.00	0	45,000	0	45,000	0.00	0	45,000	0	45,000
DP 1401 - Merchant Credit Card Fees	0.00	0	52,590	0	52,590	0.00	0	84,383	0	84,383
DP 1402 - Tribal Refund FTE	1.00	0	39,487	0	39,487	1.00	0	39,905	0	39,905
DP 1404 - Fuel Tax Evasion Travel	0.00	0	0	10,250	10,250	0.00	0	0	10,250	10,250
DP 7101 - Fuel Inflation Reduction	0.00	0	(47)	(3)	(50)	0.00	0	(54)	(3)	(57)
<b>Total Other Present Law Adjustments</b>	<b>1.00</b>	<b>\$0</b>	<b>\$173,158</b>	<b>\$16,913</b>	<b>\$190,071</b>	<b>1.00</b>	<b>\$0</b>	<b>\$204,608</b>	<b>\$16,913</b>	<b>\$221,521</b>
<b>Grand Total All Present Law Adjustments</b>	<b>1.00</b>	<b>\$0</b>	<b>\$3,124,416</b>	<b>(\$140,024)</b>	<b>\$2,984,392</b>	<b>1.00</b>	<b>\$0</b>	<b>\$2,989,143</b>	<b>(\$139,394)</b>	<b>\$2,849,749</b>

DP 1001 - Equipment Rental - A biennium increase of nearly \$5,400 state special revenue funds the program share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 1002 - Overtime/Differential - A biennium increase of nearly \$100,200 combined state special and federal special revenue reestablishes base year overtime and differential pay. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 1101 - Office Equipment Cost Reduction - A biennium reduction of \$3,500 state special revenue reduces funding to reflect the purchase of equipment in the base that will not be purchased in the 2011 biennium. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 1301 - Training Reduction - A biennium reduction of \$17,200 state special revenue reduces funding for training. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 1302 - District Health & Safety Specialists - A biennium increase of \$90,000 state special revenue funds occupational health and safety specialist travel costs that were not expended in the base because they were assigned to each district office in May of the base year. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 1401 - Merchant Credit Card Fees - A biennium increase of \$137,000 state special revenue was approved to pay rising merchant credit card fees that result as more permits, licenses and other department services are paid with credit cards. State special revenue funding is entirely from the restricted highways state special revenue account. Funding was designated as restricted and one time only. The agency was requested to investigate alternatives or attempt to negotiate reduced rates that would minimize similar cost increases in the future and report back to the 2011 Legislature during

budget hearings on the steps taken.

DP 1402 - Tribal Refund FTE - A biennium increase of \$79,400 state special revenue funds the movement of 1.00 FTE for an existing position that had been previously funded via a statutory appropriation but will now be funded within HB 2. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 1404 - Fuel Tax Evasion Travel - A biennium increase of \$20,500 federal special revenue funds out-of-state travel and lodging costs associated with fuel tax evasion training. Funding is from a federal fuel tax evasion grant.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1003 - Surface Transportation Litigation										
01	0.00	2,600,000	0	0	2,600,000	0.00	0	0	0	0
DP 1020 - Remove Positions Vacant One Year or More										
01	(2.50)	0	(103,739)	(3,010)	(106,749)	(2.50)	0	(103,772)	(3,011)	(106,783)
DP 6101 - Fixed Cost Workers Comp Management Program Allocat										
01	0.00	0	68,507	0	68,507	0.00	0	59,399	0	59,399
DP 8101 - Increasing 4% Vacancy Savings to 7%										
01	0.00	0	(392,884)	(11,402)	(404,286)	0.00	0	(394,308)	(11,444)	(405,752)
<b>Total</b>	<b>(2.50)</b>	<b>\$2,600,000</b>	<b>(\$428,116)</b>	<b>(\$14,412)</b>	<b>\$2,157,472</b>	<b>(2.50)</b>	<b>\$0</b>	<b>(\$438,681)</b>	<b>(\$14,455)</b>	<b>(\$453,136)</b>

DP 1003 - Surface Transportation Litigation - A biennium increase of \$2.6 million general fund funds consultants, experts and specialized legal counsel to analyze rail rate and service issues and to pursue legal remedies, including litigation before the Surface Transportation Board and the courts, against unreasonable rail rates and practices, and remedies for regulatory inaction. The funding is designated as biennial, restricted, and one time only.

DP 1020 - Remove Positions Vacant One Year or More - Funding was removed for positions that were identified on the state human resources vacant positions report as being vacant for one year or more. For this division funding for 2.50 FTE in three positions was removed. State special revenue funding is from the restricted account of the highways state special revenue fund.

DP 6101 - Fixed Cost Workers Comp Management Program Allocat - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	974.32	974.32	951.22	951.22	974.32	951.22	(23.10)	(2.37%)
Personal Services	63,449,027	67,682,098	63,585,412	63,798,522	131,131,125	127,383,934	(3,747,191)	(2.86%)
Operating Expenses	274,800,392	289,188,043	298,415,766	296,139,389	563,988,435	594,555,155	30,566,720	5.42%
Equipment & Intangible Assets	1,015,008	1,040,260	1,015,008	1,015,008	2,055,268	2,030,016	(25,252)	(1.23%)
Capital Outlay	15,822,618	12,765,865	15,822,618	15,822,618	28,588,483	31,645,236	3,056,753	10.69%
Grants	1,187,648	372,010	1,187,648	1,187,648	1,559,658	2,375,296	815,638	52.30%
<b>Total Costs</b>	<b>\$356,274,693</b>	<b>\$371,048,276</b>	<b>\$380,026,452</b>	<b>\$377,963,185</b>	<b>\$727,322,969</b>	<b>\$757,989,637</b>	<b>\$30,666,668</b>	<b>4.22%</b>
State Special	81,389,398	93,623,783	77,828,008	77,161,872	175,013,181	154,989,880	(20,023,301)	(11.44%)
Federal Special	274,885,295	277,424,493	302,198,444	300,801,313	552,309,788	602,999,757	50,689,969	9.18%
<b>Total Funds</b>	<b>\$356,274,693</b>	<b>\$371,048,276</b>	<b>\$380,026,452</b>	<b>\$377,963,185</b>	<b>\$727,322,969</b>	<b>\$757,989,637</b>	<b>\$30,666,668</b>	<b>4.22%</b>

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**Funding**

Costs eligible for reimbursement under the federal-aid construction program are funded with highways state special revenue funds and federal special revenue funds apportioned to Montana and distributed by the U.S. Department of Transportation. Construction design, construction, and construction management costs, as well as direct administrative costs for construction activities, are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 87 percent federal with a 13 percent state match for most direct construction related costs. The program also provides a maintenance-of-effort highway construction program funded entirely with highways state special revenue. The primary sources of revenue for the highways state special revenue funds are highway-user fees derived from motor fuel taxes and gross vehicle weight fees. Traffic safety functions are generally funded 100 percent with National Highway Traffic Safety Administration grant funds. The exception is that a 50 percent state special revenue match is required for roughly 1 percent of the administrative costs.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	356,274,693	356,274,693	712,549,386	94.01%
Statewide PL Adjustments	0	0	0	0.00%	344,336	573,369	917,705	0.12%
Other PL Adjustments	0	0	0	0.00%	26,381,655	24,096,678	50,478,333	6.66%
New Proposals	0	0	0	0.00%	(2,974,232)	(2,981,555)	(5,955,787)	(0.79%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$380,026,452</b>	<b>\$377,963,185</b>	<b>\$757,989,637</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,933,360					3,163,012
Vacancy Savings					(2,655,268)					(2,664,487)
Inflation/Deflation					51,968					60,135
Fixed Costs					14,276					14,709
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>(\$2,802,083)</b>	<b>\$3,146,419</b>	<b>\$344,336</b>		<b>\$0</b>	<b>(\$3,118,450)</b>	<b>\$3,691,819</b>	<b>\$573,369</b>
DP 210 - Contractor Payments/Federal Aid	0.00	0	3,578,547	24,033,697	27,612,244	0.00	0	3,298,528	22,153,078	25,451,606
DP 211 - Contractor Payments/State Funded Construction	0.00	0	(3,826,896)	0	(3,826,896)	0.00	0	(3,826,896)	0	(3,826,896)
DP 214 - Equipment Rental	0.00	0	219,042	211,720	430,762	0.00	0	157,398	152,136	309,534
DP 215 - OT/Differential	0.00	0	1,471,780	1,360,745	2,832,525	0.00	0	1,471,780	1,360,745	2,832,525
DP 216 - Training Reduction	0.00	0	(119,924)	0	(119,924)	0.00	0	(119,924)	0	(119,924)
DP 222 - Westlaw Internet License	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
DP 223 - Program Reductions	0.00	0	(536,000)	0	(536,000)	0.00	0	(536,000)	0	(536,000)
DP 7101 - Fuel Inflation Reduction	0.00	0	(4,640)	(16,416)	(21,056)	0.00	0	(5,301)	(18,866)	(24,167)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$791,909</b>	<b>\$25,589,746</b>	<b>\$26,381,655</b>	<b>0.00</b>	<b>\$0</b>	<b>\$449,585</b>	<b>\$23,647,093</b>	<b>\$24,096,678</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$2,010,174)</b>	<b>\$28,736,165</b>	<b>\$26,725,991</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$2,668,865)</b>	<b>\$27,338,912</b>	<b>\$24,670,047</b>

DP 210 - Contractor Payments/Federal Aid - A biennium increase of nearly \$33.0 million combined state special and federal special revenue funds payments to highway construction contractors based on department estimates of federal-aid funding and the corresponding highway construction plan. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 211 - Contractor Payments/State Funded Construction - A biennium reduction of nearly \$7.7 million state special revenue transfers the state funded construction program to the Maintenance Division. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 214 - Equipment Rental - A biennium increase of \$740,000 combined state special and federal special revenue funds the program share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 215 - OT/Differential - A biennium increase of nearly \$5.7 million combined state special and federal special revenue reestablishes base year overtime and differential pay. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 216 - Training Reduction - A biennium reduction of nearly \$240,000 state special revenue reduces funding for training. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 222 - Westlaw Internet License - A biennium increase of \$20,000 state special revenue funds the purchase of the license to access the Westlaw Internet site for legal research. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 223 - Program Reductions - A biennium reduction of nearly \$1.1 million state special revenue reduces state special revenue because the base includes costs for the following purposes that will not occur in the 2011 biennium:

- o Site Manager program
- o City-wide traffic signal upgrades

State special revenue funding is entirely from the restricted highways state special revenue account.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	FTE	Fiscal 2010				Fiscal 2011				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 230 - Remove Positions Vacant One Year or More										
02	(23.10)	0	(509,100)	(473,681)	(982,781)	(23.10)	0	(509,313)	(473,877)	(983,190)
DP 8101 - Increasing 4% Vacancy Savings to 7%										
02	0.00	0	(1,042,116)	(949,335)	(1,991,451)	0.00	0	(1,049,348)	(949,017)	(1,998,365)
<b>Total</b>	<b>(23.10)</b>	<b>\$0</b>	<b>(\$1,551,216)</b>	<b>(\$1,423,016)</b>	<b>(\$2,974,232)</b>	<b>(23.10)</b>	<b>\$0</b>	<b>(\$1,558,661)</b>	<b>(\$1,422,894)</b>	<b>(\$2,981,555)</b>

DP 230 - Remove Positions Vacant One Year or More - Funding was removed for positions that were identified on the state human resources vacant positions report as being vacant for one year or more. For this division funding for 23.10 FTE in 19 positions was removed. State special revenue funding is from the restricted account of the highways state special revenue fund.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	766.67	766.67	765.67	765.67	766.67	765.67	(1.00)	(0.13%)
Personal Services	43,652,415	49,498,900	46,421,941	46,634,128	93,151,315	93,056,069	(95,246)	(0.10%)
Operating Expenses	57,945,127	66,827,926	73,322,621	72,848,182	124,773,053	146,170,803	21,397,750	17.15%
Equipment & Intangible Assets	795,278	250,068	1,773,813	827,278	1,045,346	2,601,091	1,555,745	148.83%
Capital Outlay	157,150	105,064	157,150	157,150	262,214	314,300	52,086	19.86%
<b>Total Costs</b>	<b>\$102,549,970</b>	<b>\$116,681,958</b>	<b>\$121,675,525</b>	<b>\$120,466,738</b>	<b>\$219,231,928</b>	<b>\$242,142,263</b>	<b>\$22,910,335</b>	<b>10.45%</b>
State Special	96,436,870	108,109,398	113,741,078	113,291,549	204,546,268	227,032,627	22,486,359	10.99%
Federal Special	6,113,100	8,572,560	7,934,447	7,175,189	14,685,660	15,109,636	423,976	2.89%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$102,549,970</b>	<b>\$116,681,958</b>	<b>\$121,675,525</b>	<b>\$120,466,738</b>	<b>\$219,231,928</b>	<b>\$242,142,263</b>	<b>\$22,910,335</b>	<b>10.45%</b>

### Page Reference

Legislative Budget Analysis, C-150

### Funding

The Maintenance Program is primarily funded with the state special revenue. All state special revenue is from the constitutionally restricted highways state special revenue account. Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	102,549,970	102,549,970	205,099,940	84.70%
Statewide PL Adjustments	0	0	0	0.00%	1,877,399	2,121,992	3,999,391	1.65%
Other PL Adjustments	0	0	0	0.00%	18,718,867	17,272,491	35,991,358	14.86%
New Proposals	0	0	0	0.00%	(1,470,711)	(1,477,715)	(2,948,426)	(1.22%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$121,675,525</b>	<b>\$120,466,738</b>	<b>\$242,142,263</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					3,538,448					3,766,801
Vacancy Savings					(1,887,650)					(1,896,812)
Inflation/Deflation					226,601					252,003
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$2,983,047</b>	<b>(\$1,105,648)</b>	<b>\$1,877,399</b>		<b>\$0</b>	<b>\$3,229,656</b>	<b>(\$1,107,664)</b>	<b>\$2,121,992</b>
DP 301 - OT/Differential	0.00	0	2,589,439	0	2,589,439	0.00	0	2,589,439	0	2,589,439
DP 302 - Equipment Rental	0.00	0	2,095,978	0	2,095,978	0.00	0	1,580,227	0	1,580,227
DP 303 - Training Reduction	0.00	0	(30,628)	0	(30,628)	0.00	0	(30,628)	0	(30,628)
DP 306 - Variable Message Signs	0.00	0	189,307	757,228	946,535	0.00	0	0	0	0
DP 307 - US 93 Ravalli-Ronan Changes	0.00	0	167,221	0	167,221	0.00	0	167,889	0	167,889
DP 308 - Rest Areas - Maintenance & Supplies	0.00	0	153,075	0	153,075	0.00	0	168,061	0	168,061
DP 310 - City Contract Increases	0.00	0	113,018	0	113,018	0.00	0	113,558	0	113,558
DP 312 - Winter Maintenance - Increased Cost of Chemical	0.00	0	78,000	522,000	600,000	0.00	0	78,000	522,000	600,000
DP 314 - Pavement Marking Program	0.00	0	246,232	1,647,859	1,894,091	0.00	0	246,232	1,647,859	1,894,091
DP 316 - Noxious Weed Program	0.00	0	192,061	0	192,061	0.00	0	192,061	0	192,061
DP 318 - State Funded Construction - Program Transfer	0.00	0	10,000,000	0	10,000,000	0.00	0	10,000,000	0	10,000,000
DP 7101 - Fuel Inflation Reduction	0.00	0	(1,831)	(92)	(1,923)	0.00	0	(2,101)	(106)	(2,207)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$15,791,872</b>	<b>\$2,926,995</b>	<b>\$18,718,867</b>	<b>0.00</b>	<b>\$0</b>	<b>\$15,102,738</b>	<b>\$2,169,753</b>	<b>\$17,272,491</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$18,774,919</b>	<b>\$1,821,347</b>	<b>\$20,596,266</b>	<b>0.00</b>	<b>\$0</b>	<b>\$18,332,394</b>	<b>\$1,062,089</b>	<b>\$19,394,483</b>

DP 301 - OT/Differential - A biennium increase of nearly \$5.2 million state special revenue reestablishes base year overtime and differential pay. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 302 - Equipment Rental - A biennium increase of \$3.7 million state special revenue funds the program share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 303 - Training Reduction - A biennium reduction of nearly \$61,300 state special revenue reduces funding for training. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 306 - Variable Message Signs - A biennium increase of \$947,000 combined state special and federal special revenue funds the addition and replacement of five variable message signs (VMS) and four support structures to address traveler notification needs at Lookout Pass and Rocker. Variable message signs are used to alert travelers about various road and weather conditions such as construction work, winter maintenance alerts, road closures and detours. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 307 - US 93 Ravalli-Ronan Changes - A biennium increase of \$335,000 state special revenue funds utility and maintenance costs for 371 new luminaries and seven traffic signals added in the Ravalli-Ronan area during new construction on Highway 93. Funding is also to buy additional deicer solution to address additional needs in the area. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 308 - Rest Areas - Maintenance & Supplies - A biennium increase of \$321,000 state special revenue funds increased costs related to the maintenance of several rest areas. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 310 - City Contract Increases - A biennium increase of \$227,000 state special revenue funds cost increases for maintenance contracts in which cities perform routine maintenance on state roadways that are within city limits. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 312 - Winter Maintenance - Increased Cost of Chemical - A biennium increase of \$1.2 million combined state special and federal special revenue funds increased costs of chemical deicer. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 314 - Pavement Marking Program - A biennium increase of \$3.8 million combined state special and federal special revenue adjusts funding for the pavement marking program to annual planned levels. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 316 - Noxious Weed Program - A biennium increase of \$384,000 state special revenue adjusts funding for the noxious weed program to annual planned levels. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 318 - State Funded Construction - Program Transfer - A biennium increase of \$20.0 million state special revenue moves the state funded construction program from the Construction Program to the Maintenance Program and increases it by \$12.3 million over the biennium to a \$10.0 million annual funding level, which is the average maintenance of effort to maintain a favorable federal participation rate of 87 percent for the federal-aid construction program for Montana. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 320 - State Special Revenue Funding Switch											
03	0.00	0	0	0	0	0.00	0	0	0	0	0
DP 330 - Remove Positions Vacant One Year or More											
03	(1.00)	0	(54,973)	0	(54,973)	(1.00)	0	(55,106)	0	(55,106)	
DP 8101 - Increasing 4% Vacancy Savings to 7%											
03	0.00	0	(1,415,738)	0	(1,415,738)	0.00	0	(1,422,609)	0	(1,422,609)	
<b>Total</b>	<b>(1.00)</b>	<b>\$0</b>	<b>(\$1,470,711)</b>	<b>\$0</b>	<b>(\$1,470,711)</b>	<b>(1.00)</b>	<b>\$0</b>	<b>(\$1,477,715)</b>	<b>\$0</b>	<b>(\$1,477,715)</b>	

DP 320 - State Special Revenue Funding Switch - A funding switch reduces biennium funding from the highways restricted account by \$20,190,000 and increases funding from the highways nonrestricted account by a like amount.

DP 330 - Remove Positions Vacant One Year or More - Funding was removed for positions that were identified on the state human resources vacant positions report as being vacant for one year or more. For this division funding for 1.00 FTE in one position was removed. State special revenue funding is from the restricted account of the highways state special revenue fund.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

**Page Reference**

Legislative Budget Analysis, C-156

**Proprietary Rates****Proprietary Program Description**

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components: 1) the daily rental fleet; and 2) the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment (biennial lease) to agencies statewide.

**Funding**

State Motor Pool is funded entirely with internal service type proprietary funds. Because the proprietary funds do not require an appropriation, they are not typically included in HB 2 tables. Instead, the legislature approves the fees and charges that support the revenues for the program. The fees and charges approved in the general appropriations act are the maximum fees and charges that may be charged in the biennium.

The following decision packages were concurred in when rates for the program were approved.

**Present Law Adjustments**

DP 0701 - OT/Differential - A biennium amount of \$2,300 reestablishes base year overtime and differential pay. This funding has no impact on the rates as it only requests continuation of actual base costs on zero based items of the budget.

DP 7101 Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 0705 - Increased Repair & Maintenance Costs - A biennium increase of \$35,500 funds increased costs of motor oil and tires. The impact of this funding is an estimated \$0.00113 per mile increase on the usage rates in each year of the biennium.

DP 0706 - EVMS Maintenance Contract Increase - A biennium increase of \$2,454 funds a 2.5 percent increase in the maintenance contract with Agile Assets for the Equipment and Vehicle Management System (EVMS). This funding addresses half of the increases with the other half being funded in the Equipment Program. This funding has a negligible impact on the assigned time rates for the biennium.

DP 0707 - Vehicle Purchases - A biennium increase of \$1.1 million funds costs to purchase new and replacement vehicles for the fleet and has three components:

- o An increase in the quantity of vehicles purchased
- o An increase in the cost per vehicle
- o Fuel to operate the additional vehicles (\$64,300 in FY 2011)

This funding has the following estimated impacts on the rates for the 2011 biennium:

- o \$0.0046 per hour increase in the assigned rates in each year of the biennium
- o \$0.0041 per mile increase on the mileage usage rate in FY 2011.

**New Proposals**

DP 0704 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration. This funding has a negligible impact on the assigned time rates for the biennium.

DP 8101 Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

**Proprietary Rates**

For the 2011 biennium the rates approved by the legislature are listed in Section R of HB2. Separate rates are charged for the time a vehicle is in the possession of a user (assigned time rate) and for the miles driven (usage rate).

For the State Motor Pool, base rates were approved and two additional tiers of rates were provided with language that allows progressively higher rates if the retail price of gasoline increases above \$3.71 per gallon (tier 2) and again above \$4.21 per gallon (tier 3).

**Page Reference**

Legislative Budget Analysis, C-162

**Proprietary Rates****Proprietary Program Description**

The Equipment Program is responsible for the acquisition, disposal, repair and maintenance of a fleet of 4,555 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. Exclusively, the Department of Transportation's various programs such as Construction, Motor Carrier Services, Maintenance, and Right-of-Way use the fleet. All units are assigned to the various user programs and are charged rental on a bi-weekly basis.

**Funding**

The Equipment Program is funded entirely with internal service type proprietary funds. Because the proprietary funds do not require an appropriation, they are not typically included in HB 2 tables. Instead, the legislature approves the fees and charges that support the revenues for the program. The fees and charges approved in the general appropriations act are the maximum fees and charges that may be charged in the biennium.

The following decision packages were concurred in when rates for the program were approved.

**Present Law Adjustments**

DP 0801 - OT/Differential - 801 - A biennium increase of \$114,300 reestablishes base year overtime and differential pay. The funding increases the assigned rates by \$0.00603 per hour in each year of the biennium.

DP 7101 Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 0805 - Equipment Purchases - A biennium increase of \$864,000 funds the purchase of new equipment to be used throughout the equipment program. Equipment to be purchased includes:

- Six tank trailers for use in the salt brining operation
- A pug mill and stacker belt for mixing sand and salt for winter road maintenance
- Used excavator for use in the Missoula district
- Two tandem trucks, one each for Ravalli and Ronan, to meet maintenance needs on US 93 between Ravalli and Ronan

This funding has no impact on the rates charged by the program.

DP - 0806 - FTE for St. Regis Shop - A biennium increase of \$114,800 funds the addition of 1.00 FTE to address workload issues for mechanic work in the St. Regis shop attributable to severe winter conditions on passes in the area. The funds increase the assigned rates by \$0.006048 per hour in FY 2010 and \$0.006063 per hour in FY 2011.

DP - 0807 - Equipment Repair & Maintenance - A biennium increase of \$369,400 funds increased costs of automotive parts and vehicle maintenance products. The increases are for:

- Grease and lube, tires and repair parts (\$115,926)
- Oil (\$98,185)
- Tires (\$155,262)

The funds increase the usage rates by \$0.008465 per mile in FY 2010 and \$0.008531 per mile in FY 2011.

DP 0808 - EVMS Maintenance Contract Increases - A biennium increase of \$2,454 funds a 2.5 percent increase in the maintenance contract with Agile Assets for the Equipment and Vehicle Management System (EVMS). This adjustment

addresses half of the increases with the other half being funded in the State Motor Pool Program. The funds increase the assigned rate by \$0.000129 per hour in each year of the 2011 biennium.

**New Proposals**

DP 0804 - Fixed Cost Workers Comp Mgmt Prog Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration. This adjustment represents approximately 0.014 percent of the assigned rate.

DP 8101 Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

**Proprietary Rates**

For the 2011 biennium the ability to operate below a 60-day working capital reserve was adopted as the rate for the Equipment Program.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	123.00	123.00	123.00	123.00	123.00	123.00	0.00	0.00%
Personal Services	6,118,243	6,534,617	6,637,491	6,658,017	12,652,860	13,295,508	642,648	5.08%
Operating Expenses	1,477,519	3,197,172	4,551,152	4,412,013	4,674,691	8,963,165	4,288,474	91.74%
Equipment & Intangible Assets	14,102	22,348	166,102	166,102	36,450	332,204	295,754	811.40%
<b>Total Costs</b>	<b>\$7,609,864</b>	<b>\$9,754,137</b>	<b>\$11,354,745</b>	<b>\$11,236,132</b>	<b>\$17,364,001</b>	<b>\$22,590,877</b>	<b>\$5,226,876</b>	<b>30.10%</b>
State Special	6,050,642	7,075,583	8,218,581	8,206,927	13,126,225	16,425,508	3,299,283	25.14%
Federal Special	1,559,222	2,678,554	3,136,164	3,029,205	4,237,776	6,165,369	1,927,593	45.49%
<b>Total Funds</b>	<b>\$7,609,864</b>	<b>\$9,754,137</b>	<b>\$11,354,745</b>	<b>\$11,236,132</b>	<b>\$17,364,001</b>	<b>\$22,590,877</b>	<b>\$5,226,876</b>	<b>30.10%</b>

### Page Reference

Legislative Budget Analysis, C-168

### Funding

The Motor Carrier Services Division is funded by the highways state special revenue fund and federal special revenue. State funds are revenue from highway user fees such as motor fuel taxes and gross vehicle weight fees. Except for \$2.6 million unified carrier registration state special revenue all remaining state special revenue for the 2011 biennium is from the constitutionally restricted highways state special revenue account. Federal funds are from federal Motor Carrier Safety Assistance Program grants.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	7,609,864	7,609,864	15,219,728	67.37%
Statewide PL Adjustments	0	0	0	0.00%	558,415	581,427	1,139,842	5.05%
Other PL Adjustments	0	0	0	0.00%	1,489,247	1,490,250	2,979,497	13.19%
New Proposals	0	0	0	0.00%	1,697,219	1,554,591	3,251,810	14.39%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$11,354,745</b>	<b>\$11,236,132</b>	<b>\$22,590,877</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					827,735					849,794
Vacancy Savings					(277,846)					(278,722)
Inflation/Deflation					8,526					10,355
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$915,665</b>	<b>(\$357,250)</b>	<b>\$558,415</b>		<b>\$0</b>	<b>\$900,501</b>	<b>(\$319,074)</b>	<b>\$581,427</b>
DP 2202 - Montana-Wyoming Joint Port Project	0.00	0	245,977	0	245,977	0.00	0	245,977	0	245,977
DP 2205 - Unified Carrier Registration (UCR)	0.00	0	1,027,574	0	1,027,574	0.00	0	1,027,574	0	1,027,574
DP 2208 - Equipment Rental	0.00	0	20,712	11,659	32,371	0.00	0	15,772	8,633	24,405
DP 2210 - OT/Differential	0.00	0	133,524	44,220	177,744	0.00	0	133,524	44,220	177,744
DP 2211 - Training Adjustment	0.00	0	(12,355)	0	(12,355)	0.00	0	(12,355)	0	(12,355)
DP 2215 - Motor Carrier Safety Assistance Program (MCSAP)	0.00	0	3,596	14,384	17,980	0.00	0	3,596	14,384	17,980
DP 2216 - Laptop Communication Aircard Maintenance	0.00	0	0	0	0	0.00	0	8,976	0	8,976
DP 7101 - Fuel Inflation Reduction	0.00	0	(38)	(6)	(44)	0.00	0	(43)	(8)	(51)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,418,990</b>	<b>\$70,257</b>	<b>\$1,489,247</b>	<b>0.00</b>	<b>\$0</b>	<b>\$1,423,021</b>	<b>\$67,229</b>	<b>\$1,490,250</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,334,655</b>	<b>(\$286,993)</b>	<b>\$2,047,662</b>	<b>0.00</b>	<b>\$0</b>	<b>\$2,323,522</b>	<b>(\$251,845)</b>	<b>\$2,071,677</b>

DP 2202 - Montana-Wyoming Joint Port Project - A biennium increase of \$492,000 state special revenue funds half of the maintenance expenses and contracted services for half of the salaries of Wyoming state employees operating the port of entry station operating at Dietz, Wyoming, on the Montana and Wyoming border. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 2205 - Unified Carrier Registration (UCR) - A biennium increase of \$2.1 million state special revenue funds Motor Carrier Safety Assistance Program (MCSAP) and Expanded Commercial Vehicle Information Systems and Networks (ECVISN) projects.

DP 2208 - Equipment Rental - A biennium increase of \$56,800 state special revenue funds the program share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 2210 - OT/Differential - A biennium increase of \$355,500 combined state special and federal special revenue reestablishes base year overtime and differential pay. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 2211 - Training Adjustment - A biennium reduction of \$24,700 state special revenue reduces funding for training. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 2215 - Motor Carrier Safety Assistance Program (MCSAP) - A biennium increase of nearly \$36,000 combined state special and federal special revenue funds increased training and vehicle rental costs of the Motor Carrier Safety Assistance Program (MCSAP). State special revenue funding is entirely from the restricted highways state special revenue account.

DP 2216 - Laptop Communication Aircard Maintenance - An increase of nearly \$9,000 state special revenue for FY 2011 funds monthly air-card charges. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2206 - Performance Registration Info Systems Mgmt - OTO 22	0.00	0	0	173,562	173,562	0.00	0	0	0	0
DP 2207 - Border Enforcement Grant (BEG) 22	0.00	0	0	1,732,042	1,732,042	0.00	0	0	1,763,633	1,763,633
DP 8101 - Increasing 4% Vacancy Savings to 7% 22	0.00	0	(166,716)	(41,669)	(208,385)	0.00	0	(167,237)	(41,805)	(209,042)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$166,716)</b>	<b>\$1,863,935</b>	<b>\$1,697,219</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$167,237)</b>	<b>\$1,721,828</b>	<b>\$1,554,591</b>

DP 2206 - Performance Registration Info Systems Mgmt - OTO - An increase of \$173,562 federal special revenue for FY 2010 funds the Performance Registration Information Systems Management (PRISM) project. Funding is designated as one time only.

DP 2207 - Border Enforcement Grant (BEG) - A biennium increase of \$3.5 million federal special revenue funds monitoring of commercial vehicles safety associated with commercial vehicles on all international ports-of-entry along Montana's northern border with Canada.

*The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification - The division has identified a corridor that stretches from Idaho on Montana's western border to the North Dakota border in the East. The corridor's southern boundary is US Highway 2 and the Canadian border is the northern boundary. All north/south routes within the corridor boundary will be patrolled by division personnel or monitored using technology as the result of this grant.

The purpose of the grant is to ensure commercial motor vehicles entering the US from a foreign country are in compliance with commercial vehicle safety standards and regulations, financial responsibility regulations and registration requirements of the US and to ensure drivers of those vehicles are qualified and properly licensed to operate the commercial motor vehicle.

The purpose is to increase the safety and security on state and federal highways in Montana by conducting safety inspections and commercial driver license checks and reducing illegal transport operations on commercial motor vehicles entering the United States via Montana/Canadian Ports along and around the northern border. In addition to the safety and credential checks, size and weight and evidence of fuel tax evasion checks are conducted at the same time.

A border enforcement special activity was complete in July of 2008. A total of 326 safety inspections were completed with 46 commercial vehicles placed out of service and 19 drivers placed out of service over a three day period. Had this not been completed, these drivers and commercial vehicles would have been operating unsafely and/or illegally in Montana.

Although Montana and Alberta have jointly operated the Port of Sweet Grass at Coutts, which by the nature of its location is all international traffic, the twelve remaining ports and associated roadways statewide within the corridor have received no international commercial motor vehicle focus. This is due in part to lack of resources. Previous studies have shown that illegal commercial motor vehicle safety and other activities are occurring across the border, so this issue needs to be addressed.

Goal - To detect illegal international commercial motor vehicle safety, credentials and other criminal activities on Montana roadways within and throughout an approximately 600x50 mile corridor across Montana and immediately south of Canada, and enforce federal and state regulations and laws to improve highway safety and security. In addition, detect the commercial motor vehicle illegal transport of cargo and sabotage and reduce these activities through enforcement of applicable federal regulations and state laws.

These outcomes fit into the Montana Department of Transportations mission statement by providing a safe transportation system and protecting Montana's infrastructure investment.

Performance Criteria - The following performance criteria have been identified:

- Annually perform 1650 commercial motor vehicle safety inspections within the border enforcement corridor. Of the 1650 inspections, 500 will be a full safety inspection of the driver and the vehicle with 100 of these being commercial motor vehicles carrying hazardous materials, 150 safety inspections will be a vehicle walk around, and 1000 safety inspections will be driver only. The performance measure will be the actual number of inspections of each type conducted during the year
- Annually conduct 1300 federal and state credential checks including operating authority, commercial driver license, and insurance. The performance measure is the percentage of out of service drivers as a result of commercial driver license and operating authority violations during the year
- Annually conduct 600 fuel cargo tank checks and certifications. The performance measure is the actual number of cargo tank checks and inspections reported during the year
- At the end of each year, an evaluation based on the percent of violations in each category will be performed. The different levels of each performance criteria will be adjusted the following year to reflect the results of the evaluation

Milestones - The following milestones have been identified:

- Hiring FTE – the seven FTE have already been hired
- Equipment to support enforcement and safety operations – most of the equipment was purchased during the spring and summer of 2008; the remaining cost will be to maintain the equipment
- Upgrade existing and construct new roadside facilities to provide safe locations to stop and inspect commercial motor vehicles – The roadside facilities consist of a paved lane at the roadside with signs, lighting and safety equipment. Two roadside facilities have been installed, one in June of 2008 and the other in September of 2008. In federal FY 2009, another two sites will be installed. No future sites beyond the sites installed in federal FY 2009 have been identified
- Virtual Ports of Entry – Motor Carrier Services Division is in the process of evaluating two virtual ports of entry. These systems will remotely weigh and photograph commercial motor vehicles to identify visual safety or weight violations. The photographs will also read a commercial motor vehicles name and carrier assigned number (US DOT #) which can be used to check credentials and operating authority. The systems can be monitored statewide and enforcement can be dispatched when violations are noticed. The two systems were installed in September 2008. The evaluation will be based on data collected one year prior to September 2008 as the base year and compared with data collected in the next two years. Additional virtual ports of entry will be added in the future depending on the outcome of the evaluation

FTE - Under the current budget amendment funding in the 2009 biennium 7.00 modified FTE were added and all 7.00 FTE have already been hired. Motor Carrier Services (MCS) used modified FTE over contracted services for the following reasons; (1) MCS officers go through the law enforcement training academy and national safety certified training before seeing duty as an officer in the field; (2) MCS officers must report through a chain of command providing

better management control, where as a contracted services manager would normally only communicate with a Bureau Chief or program manager; (3) legal considerations for enforcing and issuing commercial motor vehicle and/or driver fines; (4) better control over reporting mandates; and (5) consistency and quality control in reporting of performance measures. 6.00 modified FTE are motor carrier services enforcement officers and the other position is a special projects manager. The 6.00 modified FTE will be patrol enforcement officers focused entirely on border enforcement of commercial motor vehicles. The special projects manager will coordinate and monitor border enforcement activities. This position will also manage the border enforcement grant including purchasing, budgeting, reporting, and compliance with federal regulations. Currently, there are no recruitment issues.

Funding - The funding is 100 percent federal funds and is available through the end of the current federal highway bill (SAFETEA-LU). The department expects the same level of funding to be available through the next federal highway bill.

Obstacles - Future virtual ports of entry may not be funded based on the results of the evaluation. If the results are unfavorable, other technology can be used to focus resources or the technologies will not be implemented.

The federal funding may not be available in the next federal highway bill. If this happens, the agency will absorb the modified FTE as enforcement positions are vacated.

Risks - The increase presence of enforcement on the border deters illegal commercial motor vehicle activities along Montana's 600 plus mile border with Canada. Without enforcement presence, the border in Montana is open to these illegal and dangerous commercial motor vehicle activities.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	616,085	620,178	574,423	577,664	1,236,263	1,152,087	(84,176)	(6.81%)
Operating Expenses	950,314	1,693,345	597,889	294,408	2,643,659	892,297	(1,751,362)	(66.25%)
Equipment & Intangible Assets	10,104	12,800	10,104	10,104	22,904	20,208	(2,696)	(11.77%)
Grants	880,588	973,412	1,854,000	4,000	1,854,000	1,858,000	4,000	0.22%
Transfers	13,701	10,283	13,701	13,701	23,984	27,402	3,418	14.25%
<b>Total Costs</b>	<b>\$2,470,792</b>	<b>\$3,310,018</b>	<b>\$3,050,117</b>	<b>\$899,877</b>	<b>\$5,780,810</b>	<b>\$3,949,994</b>	<b>(\$1,830,816)</b>	<b>(31.67%)</b>
State Special	1,889,421	1,921,746	2,765,117	899,877	3,811,167	3,664,994	(146,173)	(3.84%)
Federal Special	581,371	1,388,272	285,000	0	1,969,643	285,000	(1,684,643)	(85.53%)
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$2,470,792</b>	<b>\$3,310,018</b>	<b>\$3,050,117</b>	<b>\$899,877</b>	<b>\$5,780,810</b>	<b>\$3,949,994</b>	<b>(\$1,830,816)</b>	<b>(31.67%)</b>

**Page Reference**

Legislative Budget Analysis, C-179

**Funding**

The Aeronautics Program, excluding the operations of the West Yellowstone Airport, is funded by both state and federal special revenue funds. State special revenue funds are derived primarily from state aviation fuel taxes and aviation license fees. Federal special revenue comes from Federal Aviation Administration grants. Operations of the West Yellowstone Airport are funded from an enterprise type proprietary fund with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees and the legislature does not approved either an appropriation or the fees for the program. Because the proprietary funds do not require an appropriation, they are not included in the above table.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	2,470,792	2,470,792	4,941,584	125.10%
Statewide PL Adjustments	0	0	0	0.00%	28,425	33,904	62,329	1.58%
Other PL Adjustments	0	0	0	0.00%	570,256	(1,585,312)	(1,015,056)	(25.70%)
New Proposals	0	0	0	0.00%	(19,356)	(19,507)	(38,863)	(0.98%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$3,050,117</b>	<b>\$899,877</b>	<b>\$3,949,994</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					40,611					44,108
Vacancy Savings					(26,268)					(26,408)
Inflation/Deflation					7,543					8,927
Fixed Costs					6,539					7,277
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$8,453</b>	<b>\$19,972</b>	<b>\$28,425</b>		<b>\$0</b>	<b>\$13,970</b>	<b>\$19,934</b>	<b>\$33,904</b>
DP 4003 - OT/Differential	0.00	0	1,950	0	1,950	0.00	0	1,950	0	1,950
DP 4006 - Training Reduction	0.00	0	(3,942)	0	(3,942)	0.00	0	(3,942)	0	(3,942)
DP 4007 - Aeronautic Grants - BIEN	0.00	0	352,907	0	352,907	0.00	0	(447,093)	0	(447,093)
DP 4008 - Aeronautic Loans - BIEN	0.00	0	454,207	0	454,207	0.00	0	(345,495)	0	(345,495)
DP 4009 - Pavement Preservation System - BIEN	0.00	0	166,000	0	166,000	0.00	0	(84,000)	0	(84,000)
DP 4010 - State System Plan - BIEN	0.00	0	9,871	187,551	197,422	0.00	0	(5,129)	(97,449)	(102,578)
DP 4011 - Aeronautics Division Cost Reduction	0.00	0	(57,110)	(16,810)	(73,920)	0.00	0	(62,159)	(16,772)	(78,931)
DP 4015 - Aeronautics Division Airport Adjustment	0.00	0	(31,500)	(487,084)	(518,584)	0.00	0	(31,500)	(487,084)	(518,584)
DP 7101 - Fuel Inflation Reduction	0.00	0	(5,784)	0	(5,784)	0.00	0	(6,639)	0	(6,639)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$886,599</b>	<b>(\$316,343)</b>	<b>\$570,256</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$984,007)</b>	<b>(\$601,305)</b>	<b>(\$1,585,312)</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$895,052</b>	<b>(\$296,371)</b>	<b>\$598,681</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$970,037)</b>	<b>(\$581,371)</b>	<b>(\$1,551,408)</b>

DP 4003 - OT/Differential - A biennium increase of \$3,900 state special revenue reestablishes the Aeronautics Board per diem to the base level.

DP 4006 - Training Reduction - A biennium reduction of nearly \$7,900 state special revenue reduces funding for training.

DP 4007 - Aeronautic Grants - BIEN - A reduction of about \$94,200 state special revenue establishes a biennium funding level of \$800,000 for airport safety and development grants in the first year of the biennium. Funding is designated as biennial.

DP 4008 - Aeronautic Loans - BIEN - An increase of \$108,400 state special revenue establishes a biennium funding level of \$800,000 for the aeronautics loan program in the first year of the biennium. Funding is designated as biennial.

DP 4009 - Pavement Preservation System - BIEN - An increase of \$82,000 state special revenue establishes a biennium funding level of \$250,000 for the pavement preservation grants program in the first year of the biennium. Funding is designated as biennial.

DP 4010 - State System Plan - BIEN - An increase of \$94,800 combined state special and federal special revenue establishes a biennium funding level of \$300,000 to update the Montana aviation system plan in a cooperative effort between the department and the Federal Aviation Administration. Funding is designated as biennial.

DP 4011 - Aeronautics Division Cost Reduction - A biennium reduction of nearly \$152,900 combined state special and federal special revenue reduces the program’s funding for unspecified program reductions in personal services and operating expenses.

DP 4015 - Aeronautics Division Airport Adjustment - A biennium reduction of just over \$1.0 million combined state special and federal special revenue removes funding for major projects at the Lincoln and West Yellowstone Airports that occurred in the base but will not occur in the 2011 biennium.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	Fiscal 2010					Fiscal 2011					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Fixed Cost Workers Comp Mgmt Program	40	0.00	0	345	0	345	0.00	0	299	0	299
DP 8101 - Increasing 4% Vacancy Savings to 7%	40	0.00	0	(19,701)	0	(19,701)	0.00	0	(19,806)	0	(19,806)
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$19,356)</b>	<b>\$0</b>	<b>(\$19,356)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$19,507)</b>	<b>\$0</b>	<b>(\$19,507)</b>	

DP 6101 - Fixed Cost Workers Comp Mgmt Program - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	74.60	74.60	76.50	76.50	74.60	76.50	1.90	2.55%
Personal Services	4,572,775	4,790,363	4,985,797	5,011,225	9,363,138	9,997,022	633,884	6.77%
Operating Expenses	3,316,308	6,083,474	3,546,587	3,384,467	9,399,782	6,931,054	(2,468,728)	(26.26%)
Equipment & Intangible Assets	36,089	18,340	36,089	36,089	54,429	72,178	17,749	32.61%
Local Assistance	447,116	407,684	447,116	447,116	854,800	894,232	39,432	4.61%
Grants	12,129,072	22,054,172	14,738,315	14,738,315	34,183,244	29,476,630	(4,706,614)	(13.77%)
<b>Total Costs</b>	<b>\$20,501,360</b>	<b>\$33,354,033</b>	<b>\$23,753,904</b>	<b>\$23,617,212</b>	<b>\$53,855,393</b>	<b>\$47,371,116</b>	<b>(\$6,484,277)</b>	<b>(12.04%)</b>
General Fund	0	0	0	0	0	0	0	n/a
State Special	3,724,372	10,123,393	5,043,503	5,046,121	13,847,765	10,089,624	(3,758,141)	(27.14%)
Federal Special	16,776,988	23,230,640	18,710,401	18,571,091	40,007,628	37,281,492	(2,726,136)	(6.81%)
<b>Total Funds</b>	<b>\$20,501,360</b>	<b>\$33,354,033</b>	<b>\$23,753,904</b>	<b>\$23,617,212</b>	<b>\$53,855,393</b>	<b>\$47,371,116</b>	<b>(\$6,484,277)</b>	<b>(12.04%)</b>

### Page Reference

Legislative Budget Analysis, C-187

### Funding

The Rail, Transit, and Planning Division is funded with a combination of state and federal special revenue funds. Transit grants are based on a sliding scale, which for Montana is a federal participation rate of 86.58 percent funded with Federal Transit Administration funds. The state match is provided by the local entity receiving services or on a rare occasion with the constitutionally restricted highways state special revenue funds. The remaining division activities after deducting federal transit grants and local matching funds are funded with federal planning and research funds and state special revenue funds at a ratio of 72.9 percent federal and 27.1 percent state special revenue for the 2011 biennium. State special revenue funds include \$1.2 million in local match pass-through authority, \$0.8 million transportation aid funds, \$6.0 million restricted account funds for the 2011 biennium, and \$2.0 million nonrestricted account funds for emergency medical services grants.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	20,501,360	20,501,360	41,002,720	86.56%
Statewide PL Adjustments	0	0	0	0.00%	398,117	421,480	819,597	1.73%
Other PL Adjustments	0	0	0	0.00%	1,094,388	1,090,760	2,185,148	4.61%
New Proposals	0	0	0	0.00%	1,760,039	1,603,612	3,363,651	7.10%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$23,753,904</b>	<b>\$23,617,212</b>	<b>\$47,371,116</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					601,287	0.00				624,281
Vacancy Savings					(206,961)	0.00				(207,881)
Inflation/Deflation					3,379	0.00				4,668
Fixed Costs					412	0.00				412
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$21,548</b>	<b>\$376,569</b>	<b>\$398,117</b>	<b>0.00</b>	<b>\$0</b>	<b>\$26,932</b>	<b>\$394,548</b>	<b>\$421,480</b>
					0	0.00				0
DP 5001 - Training Reduction	0.00	0	(540)	0	(540)	0.00	0	(540)	0	(540)
DP 5002 - Equipment Rental	0.00	0	4,081	10,665	14,746	0.00	0	3,077	8,041	11,118
DP 5003 - OT/Differential	0.00	0	18,147	10,942	29,089	0.00	0	18,147	10,942	29,089
DP 5004 - Bus Purchases (Federal)	0.00	0	0	1,051,099	1,051,099	0.00	0	0	1,051,099	1,051,099
DP 7101 - Fuel Inflation Reduction	0.00	0	(1)	(5)	(6)	0.00	0	(1)	(5)	(6)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$21,687</b>	<b>\$1,072,701</b>	<b>\$1,094,388</b>	<b>0.00</b>	<b>\$0</b>	<b>\$20,683</b>	<b>\$1,070,077</b>	<b>\$1,090,760</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$43,235</b>	<b>\$1,449,270</b>	<b>\$1,492,505</b>	<b>0.00</b>	<b>\$0</b>	<b>\$47,615</b>	<b>\$1,464,625</b>	<b>\$1,512,240</b>

DP 5001 - Training Reduction - A biennium reduction of \$1,080 state special revenue reduces funding for training. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 5002 - Equipment Rental - A biennium increase of \$26,000 combined state special and federal special revenue funds the program share of increases in the Equipment Program - an internal service program exclusively serving programs of the Department of Transportation. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 5003 - OT/Differential - A biennium increase of \$58,200 combined state special and federal special revenue reestablishes base year overtime and differential pay. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 5004 - Bus Purchases (Federal) - A biennium increase of \$2.1 million federal special revenue funds grants to purchase buses for local transit entities at the level funded by the 2007 Legislature.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5005 - Rest Area Stipend	50	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 5006 - Highway Traffic Safety Section 408	50	1.00	0	0	531,575	531,575	1.00	0	0	383,838	383,838
DP 5008 - State Elderly & Disabled Transit Assistance	50	0.00	0	172,194	0	172,194	0.00	0	172,194	0	172,194
DP 5009 - TRANSCAD Software	50	0.00	0	1,799	7,196	8,995	0.00	0	199	796	995
DP 5010 - Traffic Data Collection Support	50	0.00	0	7,412	29,647	37,059	0.00	0	7,412	29,647	37,059
DP 5011 - Tribal Safety Coordinator	50	1.00	0	0	0	0	1.00	0	0	0	0
DP 5012 - Weigh-In-Motion (WIM) Support	50	0.00	0	5,912	23,648	29,560	0.00	0	5,912	23,648	29,560
DP 5013 - Accounting Adjustments	50	0.00	0	1,333	12,000	13,333	0.00	0	1,333	12,000	13,333
DP 5020 - Remove Positions Vacant One Year or More	50	(0.10)	0	(690)	(1,772)	(2,462)	(0.10)	0	(690)	(1,773)	(2,463)
DP 5025 - Emergency Medical Services Grants (Restr/Biennial)	50	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
DP 5030 - Rail Transit Authority	50	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 8101 - Increasing 4% Vacancy Savings to 7%	50	0.00	0	(37,064)	(118,151)	(155,215)	0.00	0	(37,226)	(118,678)	(155,904)
<b>Total</b>	<b>1.90</b>	<b>\$0</b>	<b>\$1,275,896</b>	<b>\$484,143</b>	<b>\$1,760,039</b>	<b>1.90</b>	<b>\$0</b>	<b>\$1,274,134</b>	<b>\$329,478</b>	<b>\$1,603,612</b>	

DP 5005 - Rest Area Stipend - A biennium increase of \$150,000 state special revenue funds stipends to the city park rest area communities for minor or routine repairs on these rest areas with the understanding that the rest areas are open 24/7 during summer months. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 5006 - Highway Traffic Safety Section 408 - A biennium increase of \$915,400 federal special revenue funds the addition of 1.00 FTE to provide project management oversight, team leadership, and coordination for contracted information technology (IT) architecture activities for the federally funded federal transportation safety grant program and intra-agency coordinating committee supporting the implementation of Traffic Records Strategic Plan. Included in the funding is \$750,000 unspecified operating costs to fund indirect, administrative, and training costs along with the following IT projects:

- o Emergency Medical Services (EMS)/Health Information and Resource Management System (HIRMS)
- o An interface with the Judicial Branch court system
- o Enhancements to the Department of Justice SmartCop program

*The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: Section 408 (23 U.S.C. Section 408 for Transportation Safety) grant monies were used during the last biennium to contract information technology (IT) services to design and establish a linked data system. To continue this program, the state still needs resources for the future implementation and management of that system. The funds support the program manager to facilitate the Traffic Records Coordinating Committee (TRCC) responsible for implementing the Traffic Records Strategic Plan.

The traffic records project is a major component of Montana’s Comprehensive Highway Safety Plan that addresses improvements in timely and accurate traffic safety data collection for use by key stakeholders. Through the

implementation phase, this project will eventually improve the storage, processing, and accessibility of traffic safety related data by multiple state and federal agencies. The project will add cost efficiencies related to the use and sharing of data while preventing duplication of efforts. Additionally, the program manager funded by Section 408 develops reports for the National Highway Traffic Safety Administration (NHTSA) on the progress of the Montana's traffic records program. The department will apply for additional Section 408 grant funds in FY 2009 to continue this project.

Goal: Improvements to the timely and accurate collection of traffic safety data as well as the storage, processing, and accessibility to that data by multiple state and federal agencies. This project will also improve the interoperability of the various traffic safety databases throughout the state at the state and local level.

Performance Criteria: Each key activity or sub-project within the 408 program has specific performance measures that must be met to ensure the continuance of funding each year. There are approximately 20 sub-projects under the program (please reference attachment A).

Milestones: Each sub-project within the program has multiple activities and dates (please reference attachment B).

FTE: 1.00 FTE would provide project management oversight and team leadership, and would coordinate contracted information technology (IT) architecture. Each project has a defined lead agency and project lead. The contracted program manager funded in this request coordinates the traffic records related projects for the agencies participating in this program

Funding: Current funding is from a grant funded by the National Highway Transportation Administration (NHTSA) from federal fiscal years 2006 through 2009. Qualified states including Montana received \$300,000 the first year, \$500,000 in 2007, and \$500,000 in 2008. Each state has to meet performance measures in accordance with the requirement of the grant based upon the Traffic Records Strategic Plan. MDT will apply for \$500,000 in federal FY 2009. Applications submitted each year to NHTSA includes information about proposed programs defining the purpose, goals, performance measures, key milestones, risks, and costs. After the 2011 biennium, this program will require approximately \$85,000 per year for personal services and \$300,000 per year for operating expenses.

Obstacles: The most significant challenge is the participation level and coordination of the members of the Traffic Records Coordinating Committee (TRCC). The TRCC is responsible for determining the traffic records related projects in support of the goals and objectives of the Section 408 grant.

Risk: The impacts for not adopting the proposal include:

- o Traffic safety data will not be accurate, timely, and complete, nor readily exchanged between state and local agencies
- o Traffic safety data analysis results will not be readily accessible to the Montana Highway Patrol and local law enforcement for operational decisions including placement of their law enforcement personnel to counter driving-while-intoxicated (DUI) occurrences and other critical traffic violations
- o Department safety engineering and pre-construction teams, highway design groups, and maintenance crews rely on current data to assist them in developing strategies that make existing and future roadways safer for the traveling public i.e. placement of rumble strips, guardrails, curb straightening, etc.
- o Existing data exchange systems with other states are severely limited and not in compliance with national standards

DP 5008 - State Elderly & Disabled Transit Assistance - A biennium increase of nearly \$344,400 state special revenue increases funding for operating grants for transportation services for persons 60 years of age or older and for persons with disabilities. The funding increase aligns funding with anticipated revenues from an allocation of a general fund transfer to the dedicated fund established for this purpose.

DP 5009 - TRANSCAD Software - A biennium increase of nearly \$10,000 combined state and federal special revenue funds additional traffic modeling software licenses and the associated modeling functions in response to increased demands for traffic demand modeling in urban areas. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 5010 - Traffic Data Collection Support - A biennium increase of \$74,100 combined state and federal special revenue funds hiring of temporary contracted employees to obtain statewide traffic data. The increase also funds travel and equipment costs for the temporary employees.

DP 5011 - Tribal Safety Coordinator - Base year contracted services funding was redirected to personal services to fund 1.00 FTE as a tribal safety coordinator.

DP 5012 - Weigh-In-Motion (WIM) Support - A biennium increase of \$59,100 combined state and federal special revenue funds support for weigh-in-motion (WIM) sites installed as a part of the federal Border Enforcement Grant (BEG). Funding consists of a 20 percent state match for federal funds and: 1) provides support for the video monitoring equipment at the sites; 2) annualizes site support costs that occurred after the close of the base year due to grant timing delays; and 3) provides additional travel to remote and distant sites not represented in base funding. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 5013 - Accounting Adjustments - A biennium increase of about \$26,700 combined state and federal special revenue funds: 1) a no cost accounting change that moves base expenditures from contracted services to the grants expenditure category; and 2) an increase in communications of \$13,333 per year to adjust funding to compensate for an ongoing expenditure the department erroneously recorded against a one-time-only appropriation in FY 2008. State special revenue funding is entirely from the restricted highways state special revenue account.

DP 5020 - Remove Positions Vacant One Year or More - Funding was removed for positions that were identified on the state human resources vacant positions report as being vacant for one year or more. For this division funding for 0.10 FTE in one position was removed. State special revenue funding is from the restricted account of the highways state special revenue fund.

DP 5025 - Emergency Medical Services Grants (Restr/Biennial) - A biennium increase of \$2.0 million state special revenue funds grants to emergency medical services providers. The funding is designated as biennial and restricted only for providing grants and administering the grant program. State special revenue funding is entirely from the nonrestricted highways state special revenue account.

DP 5030 - Rail Transit Authority - A biennium increase of \$100,000 state special revenue funds operating costs for the Rail and Transit Authority. SB 291 establishes the authority in the department. Language was also approved to void this funding if SB 291 is not passed and approved. State special revenue is from the coal severance tax shared account.

DP 8101 - Increasing 4% Vacancy Savings to 7% - An additional 3 percent per year vacancy savings reduction was added to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment for a total reduction of 7 percent.

### **Language and Statutory Authority**

The legislature approved the following language for the division:

"If Senate Bill No. 291 is not passed and approved, Rail Transit Authority is void."

### Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	137.99	137.99	141.49	143.49	137.99	143.49	5.50	3.99%
Personal Services	6,082,816	7,115,362	6,841,164	6,929,614	13,198,178	13,770,778	572,600	4.34%
Operating Expenses	3,142,130	2,916,152	3,704,008	3,556,442	6,058,282	7,260,450	1,202,168	19.84%
Equipment & Intangible Assets	70,052	107,513	223,028	209,778	177,565	432,806	255,241	143.75%
Benefits & Claims	0	0	600,000	450,000	0	1,050,000	1,050,000	n/a
Transfers	0	163,800	0	0	163,800	0	(163,800)	(100.00%)
<b>Total Costs</b>	<b>\$9,294,998</b>	<b>\$10,302,827</b>	<b>\$11,368,200</b>	<b>\$11,145,834</b>	<b>\$19,597,825</b>	<b>\$22,514,034</b>	<b>\$2,916,209</b>	<b>14.88%</b>
General Fund	1,065,499	1,162,620	1,675,708	1,274,555	2,228,119	2,950,263	722,144	32.41%
State Special	6,781,645	7,507,746	7,901,979	8,075,466	14,289,391	15,977,445	1,688,054	11.81%
Federal Special	1,447,854	1,632,461	1,790,513	1,795,813	3,080,315	3,586,326	506,011	16.43%
<b>Total Funds</b>	<b>\$9,294,998</b>	<b>\$10,302,827</b>	<b>\$11,368,200</b>	<b>\$11,145,834</b>	<b>\$19,597,825</b>	<b>\$22,514,034</b>	<b>\$2,916,209</b>	<b>14.88%</b>

### Page Reference

Legislative Budget Analysis, C-195

### Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	137.99	141.49	141.49	0.00	143.49	143.49	0.00	
Personal Services	6,082,816	6,841,181	6,841,164	(17)	6,929,634	6,929,614	(20)	(37)
Operating Expenses	3,142,130	3,962,595	3,704,008	(258,587)	4,102,895	3,556,442	(546,453)	(805,040)
Equipment & Intangible Assets	70,052	223,028	223,028	0	209,778	209,778	0	0
Benefits & Claims	0	0	600,000	600,000	0	450,000	450,000	1,050,000
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$9,294,998</b>	<b>\$11,026,804</b>	<b>\$11,368,200</b>	<b>\$341,396</b>	<b>\$11,242,307</b>	<b>\$11,145,834</b>	<b>(\$96,473)</b>	<b>\$244,923</b>
General Fund	1,065,499	1,386,804	1,675,708	288,904	1,136,239	1,274,555	138,316	427,220
State/Other Special	6,781,645	8,209,487	7,901,979	(307,508)	8,670,255	8,075,466	(594,789)	(902,297)
Federal Special	1,447,854	1,430,513	1,790,513	360,000	1,435,813	1,795,813	360,000	720,000
<b>Total Funds</b>	<b>\$9,294,998</b>	<b>\$11,026,804</b>	<b>\$11,368,200</b>	<b>\$341,396</b>	<b>\$11,242,307</b>	<b>\$11,145,834</b>	<b>(\$96,473)</b>	<b>\$244,923</b>

The legislature approved a budget \$240,000 higher than the executive request. This increase can be attributed to an increase in general fund support for the brucellosis action plan and the livestock loss mitigation program, an increase in federal authority for livestock loss claims and a decrease in state special revenue support of the brucellosis action plan.

**Agency Highlights**

<b>Department of Livestock Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislative budget increases by \$2.9 million or 14.8 percent in the 2011 biennium from the previous biennium</li> <li>◆ General fund increases by \$0.7 million due to the brucellosis herd plan and statewide present law adjustments</li> <li>◆ Expenditures of the per capita fee increase from \$3.1 million in FY 2008 to \$3.7 million in FY 2010 and FY 2011</li> <li>◆ The legislature approved \$293,500 million for the purpose of brucellosis plan oversight and moved \$860,700 for outreach and testing to the MUS extension service.</li> </ul>

**Agency Discussion**

*Federal Stimulus Impact: None*

Companion Legislation: None

**Funding**

The following table summarizes funding for the agency, by program and source. Funding for each program is discussed in detail in the individual program narratives that follow.

Agency Program	Total Agency Funding 2011 Biennium Budget				
	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
01 Centralized Services Program	\$ 249,201	\$ 4,439,638	\$ 600,000	\$ 5,288,839	23.49%
03 Diagnostic Laboratory Program	1,126,817	2,872,089	19,703	4,018,609	17.85%
04 Animal Health Division	365,752	1,375,666	1,695,105	3,436,523	15.26%
05 Milk & Egg Program	-	633,306	68,908	702,214	3.12%
06 Brands Enforcement Division	5,883	6,643,926	-	6,649,809	29.54%
10 Meat/Poultry Inspection	<u>1,202,610</u>	<u>12,820</u>	<u>1,202,610</u>	<u>2,418,040</u>	<u>10.74%</u>
Grand Total	<u>2,950,263</u>	<u>15,977,445</u>	<u>3,586,326</u>	<u>22,514,034</u>	100.00%

The Department of Livestock is funded with general fund, state special revenue, and federal special revenue. General fund provides support for some administrative functions, the diagnostic lab, and meat and poultry inspections.

Federal special revenue comes from the bison operations cooperative agreement, the Greater Yellowstone Interagency Brucellosis Committee grant for contracted research, and from the U.S. Department of Agriculture in match funds for meat and poultry inspections.

State special revenue in the Department of Livestock is derived primarily from taxes and fees assessed to livestock owners. The three state special revenue funds that comprised over 90 percent of state special revenues are the livestock per capita fee, the inspection and control fund, and the animal health fund.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,065,499	1,065,499	2,130,998	72.23%	9,294,998	9,294,998	18,589,996	82.57%
Statewide PL Adjustments	53,546	55,796	109,342	3.71%	786,767	774,694	1,561,461	6.94%
Other PL Adjustments	21,293	28,033	49,326	1.67%	454,071	495,214	949,285	4.22%
New Proposals	535,370	125,227	660,597	22.39%	832,364	580,928	1,413,292	6.28%
<b>Total Budget</b>	<b>\$1,675,708</b>	<b>\$1,274,555</b>	<b>\$2,950,263</b>		<b>\$11,368,200</b>	<b>\$11,145,834</b>	<b>\$22,514,034</b>	

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	20.78	20.78	20.78	20.78	20.78	20.78	0.00	0.00%
Personal Services	936,040	1,274,933	1,075,707	1,078,174	2,210,973	2,153,881	(57,092)	(2.58%)
Operating Expenses	1,027,685	1,030,640	1,068,663	1,016,295	2,058,325	2,084,958	26,633	1.29%
Benefits & Claims	0	0	600,000	450,000	0	1,050,000	1,050,000	n/a
Transfers	0	163,800	0	0	163,800	0	(163,800)	(100.00%)
<b>Total Costs</b>	<b>\$1,963,725</b>	<b>\$2,469,373</b>	<b>\$2,744,370</b>	<b>\$2,544,469</b>	<b>\$4,433,098</b>	<b>\$5,288,839</b>	<b>\$855,741</b>	<b>19.30%</b>
General Fund	54,181	82,215	199,554	49,647	136,396	249,201	112,805	82.70%
State Special	1,909,544	2,387,158	2,244,816	2,194,822	4,296,702	4,439,638	142,936	3.33%
Federal Special	0	0	300,000	300,000	0	600,000	600,000	n/a
<b>Total Funds</b>	<b>\$1,963,725</b>	<b>\$2,469,373</b>	<b>\$2,744,370</b>	<b>\$2,544,469</b>	<b>\$4,433,098</b>	<b>\$5,288,839</b>	<b>\$855,741</b>	<b>19.30%</b>

### Page Reference

Legislative Budget Analysis, C-204

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Legislature.

The division is funded from the livestock per capita fund, the Milk Control Bureau fund, and the Board of Horse Racing fund. The livestock per capita fund, an annual tax on livestock headcount, funds all activities of the division, except for the administratively attached boards. The division collects indirect cost reimbursements on federal and state special revenues expended in other divisions. These reimbursements are deposited to the livestock per capita fund. The Milk Control Bureau and the Board of Horse Racing are funded from fees assessed to the respective industries.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	54,181	54,181	108,362	43.48%	1,963,725	1,963,725	3,927,450	74.26%
Statewide PL Adjustments	17,594	17,505	35,099	14.08%	193,875	156,001	349,876	6.62%
Other PL Adjustments	887	885	1,772	0.71%	31,765	20,114	51,879	0.98%
New Proposals	126,892	(22,924)	103,968	41.72%	555,005	404,629	959,634	18.14%
<b>Total Budget</b>	<b>\$199,554</b>	<b>\$49,647</b>	<b>\$249,201</b>		<b>\$2,744,370</b>	<b>\$2,544,469</b>	<b>\$5,288,839</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					213,696	0.00				216,353
Vacancy Savings					(45,989)	0.00				(46,097)
Inflation/Deflation					2,091	0.00				2,627
Fixed Costs					24,077	0.00				(16,882)
<b>Total Statewide Present Law Adjustments</b>		<b>\$17,594</b>	<b>\$176,281</b>	<b>\$0</b>	<b>\$193,875</b>	<b>0.00</b>	<b>\$17,505</b>	<b>\$138,496</b>	<b>\$0</b>	<b>\$156,001</b>
					0	0.00				0
DP 101 - Department P.C. Replacements	0.00	0	9,177	0	9,177	0.00	0	9,177	0	9,177
DP 102 - I.T. Staff Training - OTO	0.00	0	11,500	0	11,500	0.00	0	0	0	0
DP 103 - Board of Livestock Per Diem	0.00	0	3,950	0	3,950	0.00	0	3,950	0	3,950
DP 104 - Out of State Travel Ex. Officer	0.00	0	3,021	0	3,021	0.00	0	3,021	0	3,021
DP 105 - Board of Horse Racing Per Diem	0.00	0	900	0	900	0.00	0	900	0	900
DP 106 - Milk Control Board Per Diem	0.00	0	700	0	700	0.00	0	700	0	700
DP 107 - Milk Control Board Contract Attorney-OTO/R	0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
DP 108 - Predator Control - Base Adjustment	0.00	0	(7,369)	0	(7,369)	0.00	0	(7,369)	0	(7,369)
DP 109 - Per Diem-Livestock Loss Reduction Mitigation Board	0.00	900	0	0	900	0.00	900	0	0	900
DP 7101 - Fuel Inflation Reduction	0.00	(13)	(1,001)	0	(1,014)	0.00	(15)	(1,150)	0	(1,165)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$887</b>	<b>\$30,878</b>	<b>\$0</b>	<b>\$31,765</b>	<b>0.00</b>	<b>\$885</b>	<b>\$19,229</b>	<b>\$0</b>	<b>\$20,114</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$18,481</b>	<b>\$207,159</b>	<b>\$0</b>	<b>\$225,640</b>	<b>0.00</b>	<b>\$18,390</b>	<b>\$157,725</b>	<b>\$0</b>	<b>\$176,115</b>

DP 101 - Department P.C. Replacements - The legislature approved an increase in state special revenue to allow the department to meet the Department of Administration's recommendation to replace computers every four years.

DP 102 - I.T. Staff Training - OTO - The legislature approved a one-time only increase in out-of-state travel and training for information technology staff in order to develop and maintain Oracle applications and Novell training to maintain the department's LAN security. The request is based on sending 2.0 FTEs to Oracle training and 1.0 to Novell training.

DP 103 - Board of Livestock Per Diem - Board per diem expenditures are zero-based and must be restored each biennium. The legislature approved board per diem.

DP 104 - Out of State Travel Ex. Officer - The legislature approved an increase in the travel budget for the Executive Officer to represent the board at key national and other industry meetings. This package increases the base budget for out-of-state travel from \$8,300 to approximately \$11,300, and will provide for approximately six out-of-state trips per year.

DP 105 - Board of Horse Racing Per Diem - Board per diem expenditures are zero-based and must be restored each biennium. The legislature restored this funding to support functions of the board.

DP 106 - Milk Control Board Per Diem - Board per diem expenditures are zero-based and must be restored each biennium. The legislature approved restoration of this funding to support functions of the board.

DP 107 - Milk Control Board Contract Attorney-OTO/R - The legislature approved a restricted one-time only increase of \$10,000 in contract legal services for the purpose of defending pending legal actions regarding milk activities.

DP 108 - Predator Control - Base Adjustment - The legislature approved a base reduction of \$7,369 each year of the biennium to the Predator Control program to align the budget with the board approved amount of \$319,500 per year.

DP 109 - Per Diem-Livestock Loss Reduction Mitigation Board - Board per diem expenditures are zero-based and must be restored each biennium. The legislature approved restoration of this funding to support functions of the board.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 110 - Database Hosting										
01	0.00	0	7,040	0	7,040	0.00	0	7,040	0	7,040
DP 155 - Livestock Loss Mitigation Funding										
01	0.00	0	150,000	300,000	450,000	0.00	0	150,000	300,000	450,000
DP 160 - Livestock Loss Mitigation Funding (RST/BIEN/OTO)										
01	0.00	150,000	0	0	150,000	0.00	0	0	0	0
DP 6101 - Fixed Cost Workers Comp Management Program Allocat										
01	0.00	1,080	3,615	0	4,695	0.00	936	3,135	0	4,071
DP 6105 - Unspecified 2% reduction										
01	0.00	(22,240)	0	0	(22,240)	0.00	(21,910)	0	0	(21,910)
DP 8101 - Increase Vacancy Savings to 7%										
01	0.00	(1,948)	(32,542)	0	(34,490)	0.00	(1,950)	(32,622)	0	(34,572)
<b>Total</b>	<b>0.00</b>	<b>\$126,892</b>	<b>\$128,113</b>	<b>\$300,000</b>	<b>\$555,005</b>	<b>0.00</b>	<b>(\$22,924)</b>	<b>\$127,553</b>	<b>\$300,000</b>	<b>\$404,629</b>

DP 110 - Database Hosting - The legislature approved state special revenue authority to cover the cost of database hosting by the Information Technology Services Division of the Department of Administration for the brand and animal health permitting systems.

DP 155 - Livestock Loss Mitigation Funding - The legislature approved \$150,000 per year of state special and \$300,000 per year of federal special revenue to support the activities of the livestock loss mitigation board.

DP 160 - Livestock Loss Mitigation Funding (RST/BIEN/OTO) - The legislature appropriated \$150,000 general fund for the 2011 biennium for the purpose of paying livestock claims.

DP 6101 - Fixed Cost Workers Comp Management Program Allocat - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 6105 - Unspecified 2% reduction - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

The Centralized Services Program includes a reduction in general fund money of \$22,240 in fiscal year 2010 and \$22,240 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	20.50	20.50	22.00	22.00	20.50	22.00	1.50	7.32%
Personal Services	1,025,686	1,131,127	1,146,003	1,148,040	2,156,813	2,294,043	137,230	6.36%
Operating Expenses	632,443	507,363	815,917	882,193	1,139,806	1,698,110	558,304	48.98%
Equipment & Intangible Assets	6,603	0	19,853	6,603	6,603	26,456	19,853	300.67%
<b>Total Costs</b>	<b>\$1,664,732</b>	<b>\$1,638,490</b>	<b>\$1,981,773</b>	<b>\$2,036,836</b>	<b>\$3,303,222</b>	<b>\$4,018,609</b>	<b>\$715,387</b>	<b>21.66%</b>
General Fund	446,155	455,938	640,660	486,157	902,093	1,126,817	224,724	24.91%
State Special	1,208,526	1,169,150	1,331,260	1,540,829	2,377,676	2,872,089	494,413	20.79%
Federal Special	10,051	13,402	9,853	9,850	23,453	19,703	(3,750)	(15.99%)
<b>Total Funds</b>	<b>\$1,664,732</b>	<b>\$1,638,490</b>	<b>\$1,981,773</b>	<b>\$2,036,836</b>	<b>\$3,303,222</b>	<b>\$4,018,609</b>	<b>\$715,387</b>	<b>21.66%</b>

### Page Reference

Legislative Budget Analysis, C-210

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Legislature.

The Diagnostic Laboratory (lab) is supported with general fund, animal health fees, per capita fees, and a small portion of federal funds. During the FY 2008 base year, the lab received a non-budgeted transfer of funds from the per capita fund due to lower than anticipated revenue from lab fees.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	446,155	446,155	892,310	79.19%	1,664,732	1,664,732	3,329,464	82.85%
Statewide PL Adjustments	1,808	1,772	3,580	0.32%	84,698	87,466	172,164	4.28%
Other PL Adjustments	2,022	8,808	10,830	0.96%	176,449	246,272	422,721	10.52%
New Proposals	190,675	29,422	220,097	19.53%	55,894	38,366	94,260	2.35%
<b>Total Budget</b>	<b>\$640,660</b>	<b>\$486,157</b>	<b>\$1,126,817</b>		<b>\$1,981,773</b>	<b>\$2,036,836</b>	<b>\$4,018,609</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					126,271	0.00				128,421
Vacancy Savings					(46,078)	0.00				(46,163)
Inflation/Deflation					3,635	0.00				3,943
Fixed Costs					870	0.00				1,265
<b>Total Statewide Present Law Adjustments</b>		<b>\$1,808</b>	<b>\$82,896</b>	<b>(\$6)</b>	<b>\$84,698</b>	<b>0.00</b>	<b>\$1,772</b>	<b>\$85,701</b>	<b>(\$7)</b>	<b>\$87,466</b>
					0	0.00				0
DP 301 - Diagnostic Lab Increase GF	0.00	2,099	0	0	2,099	0.00	8,896	0	0	8,896
DP 302 - Lab Server- RST/OTO	0.00	0	13,250	0	13,250	0.00	0	0	0	0
DP 303 - Lab Recharges	0.00	0	4,458	0	4,458	0.00	0	8,298	0	8,298
DP 304 - Lab Supplies	0.00	0	131,672	0	131,672	0.00	0	214,734	0	214,734
DP 305 - Lab Maintenance Contract	0.00	0	5,488	0	5,488	0.00	0	8,488	0	8,488
DP 307 - Milk Lab Incubator-OTO	0.00	0	2,884	0	2,884	0.00	0	0	0	0
DP 308 - Storage Container-OTO	0.00	0	3,200	0	3,200	0.00	0	0	0	0
DP 309 - Air conditioning - Lab Server-OTO	0.00	0	7,500	0	7,500	0.00	0	0	0	0
DP 310 - Lab Overtime	0.00	0	1,730	0	1,730	0.00	0	1,730	0	1,730
DP 311 - Out of State Travel -Lab	0.00	0	4,454	0	4,454	0.00	0	4,454	0	4,454
DP 7101 - Fuel Inflation Reduction	0.00	(77)	(207)	(2)	(286)	0.00	(88)	(238)	(2)	(328)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,022</b>	<b>\$174,429</b>	<b>(\$2)</b>	<b>\$176,449</b>	<b>0.00</b>	<b>\$8,808</b>	<b>\$237,466</b>	<b>(\$2)</b>	<b>\$246,272</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$3,830</b>	<b>\$257,325</b>	<b>(\$8)</b>	<b>\$261,147</b>	<b>0.00</b>	<b>\$10,580</b>	<b>\$323,167</b>	<b>(\$9)</b>	<b>\$333,738</b>

DP 301 - Diagnostic Lab Increase GF - The legislature approved an increase in general fund support of the lab to address increasing costs related to public health and other issues. This request for \$2,099 general fund in FY 2010 and \$8,896 in FY 2011 would raise general fund support in the lab to approximately \$450,000 each year.

DP 302 - Lab Server- RST/OTO - The legislature approved a replacement server for the lab. The current server is older than recommended in state policy. This one-time only cost of \$13,250 is funded from the per capita account.

DP 303 - Lab Recharges - The legislature approved authority to cover the increased re-charges from Montana State University for personal services and operating expenses.

DP 304 - Lab Supplies - The legislature approved a 17 percent incremental increase from the base expenditures through FY 2011. This would increase the base budget to \$488,603 in FY 2010 and \$571,665 in FY 2011. This increase is funded from the animal health fund.

DP 305 - Lab Maintenance Contract - The legislature approved an increase to cover lab maintenance contracts. The base amount of \$36,512 is increased to \$42,000 in FY 2010 and \$45,000 in FY 2011.

DP 307 - Milk Lab Incubator-OTO - The present milk incubator is over 15 years old. The legislature approved one-time only authority to replace this equipment.

DP 308 - Storage Container-OTO - Storage space within the Marsh Laboratory is limited. The legislature approved one-time authority to purchase a storage container.

DP 309 - Air conditioning - Lab Server-OTO - The legislature approved one-time only authority to replace the air conditioner unit in the lab’s server room. The current unit does not provide sufficient cooling capacity to protect the server.

DP 310 - Lab Overtime - Peak periods at the lab require occasional overtime. The legislature approved funding to restore lab overtime to the base level of \$1,730.

DP 311 - Out of State Travel -Lab - The legislature approved appropriation authority to increase out-of-state travel for lab professionals by \$4,554 each year of the biennium. This decision package adjusts the base to \$6,826 each year, enough to fund five out-of-state trips.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 312 - Lab Funding Shortfall - GF OTO										
03	0.00	172,350	(172,350)	0	0	0.00	11,100	(11,100)	0	0
DP 313 - Lab Molecular Technologist - FTE										
03	1.00	0	46,098	0	46,098	1.00	0	46,121	0	46,121
DP 314 - Remodel PCR Area - OTO										
03	0.00	0	17,500	0	17,500	0.00	0	0	0	0
DP 315 - Brucellosis Herd Plan										
03	0.50	26,853	0	0	26,853	0.50	26,865	0	0	26,865
DP 8101 - Increase Vacancy Savings to 7%										
03	0.00	(8,528)	(25,839)	(190)	(34,557)	0.00	(8,543)	(25,885)	(192)	(34,620)
<b>Total</b>	<b>1.50</b>	<b>\$190,675</b>	<b>(\$134,591)</b>	<b>(\$190)</b>	<b>\$55,894</b>	<b>1.50</b>	<b>\$29,422</b>	<b>\$9,136</b>	<b>(\$192)</b>	<b>\$38,366</b>

DP 312 - Lab Funding Shortfall - GF OTO - The legislature approved a funding switch for lab operations from the animal health fund to the per capita fee and the general fund to resolve lab funding issues. This decision package reduces the lab’s animal health funding by \$327,888 in FY 2010 and \$417,552 in FY 2011 and increase the per capita fee by \$155,538 in FY 2010 and \$406,442 in FY 2011 and provides one-time only general fund in the amount of \$172,350 in FY 2010 and \$11,100 in FY 2011.

*The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

Justification: This proposal is needed as actual lab fees collected in FY 2008 were less than appropriated. Of the \$1,228,478 appropriated in FY 2008 only \$849,786 was realized. The Board of Livestock has raised lab fees several times during the last two biennia. The Montana Diagnostic Laboratory has the highest portion of user fees funding in the region. Compared to our neighboring states, Montana’s user fees are 73 percent, South Dakota is 50 percent and Wyoming is 40 percent. The lab fees are paid by producers or their vets for specific lab tests. This over-reliance on user fees was a major cause of concern by the American Academy of Veterinary Diagnostic Laboratories, the accrediting body of the diagnostic lab.

Goal: The goal is to properly fund the lab and meet national accreditation standards. When lab fees collected are less than authorized, the department must meet the shortfall from whatever legal means are possible. In the past this has been

program transfers and non budgeted transfers of per capita fees. Our goal is to not have to make such transfers at fiscal year end.

Performance Criteria: A budget status report is regularly presented to the Board of Livestock. The board meets every two months. The revenue receipts are presented including lab fees and per capita fee. Expenditures are also presented and discussed.

Milestones: The new funding structure will begin July 1, 2009 if approved by the Legislature. At the end of each fiscal year we will evaluate funding budgeted and actual revenues received.

FTE: The Centralized Services Division will monitor the revenue received and account for the expenditures throughout each fiscal year. The Diagnostic Laboratory will perform all testing services that generate the revenue.

Funding: The proposal utilizes per capita revenue and one-time only general fund to offset the lab short fall of funding. When per capita fees are used, all producers are funding the lab whether they have specific services provided or not. The general fund represents a portion of the lab's value dedicated to public health.

Obstacles: The major challenge is the producer's ability to pay. Livestock producers face many elements out of their control. They cannot control the weather such as drought, prices, or birth rates, nor can they predict diseases or predator depredation to their herds. The board addresses the per capita fee funding each year. They have no control over the headcount experience in the state.

Risk: The risk to the department is the continual budgeting of more animal health funds than the lab can generate. This requires budgeted and non budgeted transfers of per capita fee funds to the lab. The practice of non budgeted transfers is undesirable at best and should not be continued.

DP 313 - Lab Molecular Technologist - FTE - The legislature made a modified FTE permanent. The position develops, validates, incorporates, and performs polymerase chain reaction testing for the lab.

DP 314 - Remodel PCR Area - OTO - The legislature approved \$17,500 in FY 2010 only to convert the lunch room at the lab into a polymerase chain reaction testing area.

DP 315 - Brucellosis Herd Plan - The legislature approved 0.50 FTE for an additional lab molecular technologist to assist with the influx of brucellosis testing. This proposal is funded with general fund.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	14.00	14.00	16.00	16.00	14.00	16.00	2.00	14.29%
Personal Services	576,413	760,457	862,643	866,862	1,336,870	1,729,505	392,635	29.37%
Operating Expenses	778,272	690,092	857,198	755,470	1,468,364	1,612,668	144,304	9.83%
Equipment & Intangible Assets	21,175	72,225	47,175	47,175	93,400	94,350	950	1.02%
<b>Total Costs</b>	<b>\$1,375,860</b>	<b>\$1,522,774</b>	<b>\$1,767,016</b>	<b>\$1,669,507</b>	<b>\$2,898,634</b>	<b>\$3,436,523</b>	<b>\$537,889</b>	<b>18.56%</b>
General Fund	0	0	232,391	133,361	0	365,752	365,752	n/a
State Special	479,454	559,257	688,580	687,086	1,038,711	1,375,666	336,955	32.44%
Federal Special	896,406	963,517	846,045	849,060	1,859,923	1,695,105	(164,818)	(8.86%)
<b>Total Funds</b>	<b>\$1,375,860</b>	<b>\$1,522,774</b>	<b>\$1,767,016</b>	<b>\$1,669,507</b>	<b>\$2,898,634</b>	<b>\$3,436,523</b>	<b>\$537,889</b>	<b>18.56%</b>

### Page Reference

Legislative Budget Analysis, C-219

### Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as recommended by the Legislature

State special revenue, primarily the livestock per capita fund, supports disease control, import/export activities, and alternative livestock activities. Federal funds support bison operations and the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) research and cooperative efforts.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	1,375,860	1,375,860	2,751,720	80.07%
Statewide PL Adjustments	0	0	0	0.00%	202,165	207,810	409,975	11.93%
Other PL Adjustments	0	0	0	0.00%	21,274	20,091	41,365	1.20%
New Proposals	232,391	133,361	365,752	100.00%	167,717	65,746	233,463	6.79%
<b>Total Budget</b>	<b>\$232,391</b>	<b>\$133,361</b>	<b>\$365,752</b>		<b>\$1,767,016</b>	<b>\$1,669,507</b>	<b>\$3,436,523</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					225,528	0.00				230,026
Vacancy Savings					(32,078)	0.00				(32,258)
Inflation/Deflation					8,481	0.00				9,699
Fixed Costs					234	0.00				343
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$156,230</b>	<b>\$45,935</b>	<b>\$202,165</b>	<b>0.00</b>	<b>\$0</b>	<b>\$158,199</b>	<b>\$49,611</b>	<b>\$207,810</b>
					0	0.00				0
DP 403 - Animal Health - Vehicle Replacements - OTO	0.00	0	26,000	0	26,000	0.00	0	26,000	0	26,000
DP 405 - Animal Health - Out of State Travel	0.00	0	1,874	0	1,874	0.00	0	1,874	0	1,874
DP 406 - Animal Health - Overtime	0.00	0	1,402	0	1,402	0.00	0	1,402	0	1,402
DP 7101 - Fuel Inflation Reduction	0.00	0	(4,485)	(3,517)	(8,002)	0.00	0	(5,156)	(4,029)	(9,185)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$24,791</b>	<b>(\$3,517)</b>	<b>\$21,274</b>	<b>0.00</b>	<b>\$0</b>	<b>\$24,120</b>	<b>(\$4,029)</b>	<b>\$20,091</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$181,021</b>	<b>\$42,418</b>	<b>\$223,439</b>	<b>0.00</b>	<b>\$0</b>	<b>\$182,319</b>	<b>\$45,582</b>	<b>\$227,901</b>

DP 403 - Animal Health - Vehicle Replacements - OTO - The legislature approved one-time only state special revenue authority to replace two extended cab pickups for hybrid Escapes at an estimated cost of \$26,000 each. This package is funded with per capita fees.

DP 405 - Animal Health - Out of State Travel - The legislature approved appropriation authority to increase out-of-state travel for lab professionals by \$1,874 each year of the biennium. This decision package adjusts the base to \$8,364 each year, enough to fund six out-of-state trips.

DP 406 - Animal Health - Overtime - The animal health program utilizes overtime during peak workload periods. The legislature restored overtime to the base level of \$1,402.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 404 - Bison Federal Funds	04	(1.00)	0	0	(75,132)	(75,132)	(1.00)	0	0	(75,153)	(75,153)
DP 407 - Animal Health System Development - OTO/Bien	04	0.00	98,100	0	0	98,100	0.00	0	0	0	0
DP 408 - Animal Health - Administrative Support	04	1.00	0	34,517	0	34,517	1.00	0	31,732	0	31,732
DP 409 - Brucellosis Herd Plan-OTO	04	2.00	134,291	0	0	134,291	2.00	133,361	0	0	133,361
DP 8101 - Increase Vacancy Savings to 7%	04	0.00	0	(6,412)	(17,647)	(24,059)	0.00	0	(6,419)	(17,775)	(24,194)
<b>Total</b>		<b>2.00</b>	<b>\$232,391</b>	<b>\$28,105</b>	<b>(\$92,779)</b>	<b>\$167,717</b>	<b>2.00</b>	<b>\$133,361</b>	<b>\$25,313</b>	<b>(\$92,928)</b>	<b>\$65,746</b>

DP 404 - Bison Federal Funds - The legislature approved a reduction to align authority with available bison federal funds. This reduction aligns authority with the current USDA and Greater Yellowstone Brucellosis Committee contracts.

DP 407 - Animal Health System Development - OTO/Bien - The legislature approved authority to replace the animal health system with an upgraded web based system. In conjunction with ITSD, the department has determined that the new system would require \$90,600 for software application and \$7,500 for installation services, training, travel, and other overhead costs to bring the system on-line.

DP 408 - Animal Health - Administrative Support - The legislature added \$30,713 in FY 2010 and \$30,728 in FY 2011 to support 1.00 FTE in the import office to provide consistent coverage of the permitting phone line during business hours.

DP 409 - Brucellosis Herd Plan-OTO - The legislature approved for one-time only 2.00 FTE and \$134,291 in FY 2010 and \$133,361 in FY 2011 of general fund. This funds longer term surveillance and mitigation activities related to and maintaining the recovered Class Free brucellosis status for the State of Montana.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	242,554	289,078	273,396	274,094	531,632	547,490	15,858	2.98%
Operating Expenses	46,962	48,551	49,426	53,298	95,513	102,724	7,211	7.55%
Equipment & Intangible Assets	0	0	26,000	26,000	0	52,000	52,000	n/a
<b>Total Costs</b>	<b>\$289,516</b>	<b>\$337,629</b>	<b>\$348,822</b>	<b>\$353,392</b>	<b>\$627,145</b>	<b>\$702,214</b>	<b>\$75,069</b>	<b>11.97%</b>
State Special	271,635	302,616	314,367	318,939	574,251	633,306	59,055	10.28%
Federal Special	17,881	35,013	34,455	34,453	52,894	68,908	16,014	30.28%
<b>Total Funds</b>	<b>\$289,516</b>	<b>\$337,629</b>	<b>\$348,822</b>	<b>\$353,392</b>	<b>\$627,145</b>	<b>\$702,214</b>	<b>\$75,069</b>	<b>11.97%</b>

### Page Reference

Legislative Budget Analysis, C-224

### Funding

State special revenue from milk industry fees is the primary funding source for this division. Federal special revenues are provided by the U.S. Department of Agriculture to conduct shell egg surveillance.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	289,516	289,516	579,032	82.46%
Statewide PL Adjustments	0	0	0	0.00%	43,289	44,617	87,906	12.52%
Other PL Adjustments	0	0	0	0.00%	24,836	28,102	52,938	7.54%
New Proposals	0	0	0	0.00%	(8,819)	(8,843)	(17,662)	(2.52%)
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$348,822</b>	<b>\$353,392</b>	<b>\$702,214</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					51,420					52,173
Vacancy Savings					(11,759)					(11,790)
Inflation/Deflation					3,380					3,874
Fixed Costs					248					360
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$61,170</b>	<b>(\$17,881)</b>	<b>\$43,289</b>		<b>\$0</b>	<b>\$62,498</b>	<b>(\$17,881)</b>	<b>\$44,617</b>
DP 501 - Milk & Egg Bureau Vehicle Replacement - OTO	0.00	0	26,000	0	26,000	0.00	0	26,000	0	26,000
DP 502 - Milk & Egg - Out of State Travel	0.00	0	2,181	0	2,181	0.00	0	5,941	0	5,941
DP 7101 - Fuel Inflation Reduction	0.00	0	(3,345)	0	(3,345)	0.00	0	(3,839)	0	(3,839)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$24,836</b>	<b>\$0</b>	<b>\$24,836</b>	<b>0.00</b>	<b>\$0</b>	<b>\$28,102</b>	<b>\$0</b>	<b>\$28,102</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$86,006</b>	<b>(\$17,881)</b>	<b>\$68,125</b>	<b>0.00</b>	<b>\$0</b>	<b>\$90,600</b>	<b>(\$17,881)</b>	<b>\$72,719</b>

DP 501 - Milk & Egg Bureau Vehicle Replacement - OTO - The legislature approved one-time only authority to replace two extended cab pickups for hybrid Escapes at an estimated cost of \$26,000 each.

DP 502 - Milk & Egg - Out of State Travel - The legislature approved appropriation authority to increase out-of-state travel for the sanitarians by \$2,181 in FY 2010 and \$5,941 in FY 2011. This decision package increases the base to \$3,758 and provides \$7,520 in authority in FY 2011.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 503 - Milk & Egg Funding Switch											
05	0.00	0	(35,000)	35,000	0	0.00	0	(35,000)	35,000	0	
DP 8101 - Increase Vacancy Savings to 7%											
05	0.00	0	(8,274)	(545)	(8,819)	0.00	0	(8,296)	(547)	(8,843)	
<b>Total</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$43,274)</b>	<b>\$34,455</b>	<b>(\$8,819)</b>	<b>0.00</b>	<b>\$0</b>	<b>(\$43,296)</b>	<b>\$34,453</b>	<b>(\$8,843)</b>	

DP 503 - Milk & Egg Funding Switch - The legislature approved a reduction in state special revenue authority and an increase in federal authority. The milk sanitarians often inspect dairies that are also egg production operations. The federal government reimburses the bureau for its inspection of these egg operations in accordance with federal standards. These funds are used to offset state costs.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	57.21	57.21	57.21	59.21	57.21	59.21	2.00	3.50%
Personal Services	2,464,060	2,731,680	2,584,510	2,660,812	5,195,740	5,245,322	49,582	0.95%
Operating Expenses	407,009	320,804	604,976	539,511	727,813	1,144,487	416,674	57.25%
Equipment & Intangible Assets	42,274	35,288	130,000	130,000	77,562	260,000	182,438	235.22%
<b>Total Costs</b>	<b>\$2,913,343</b>	<b>\$3,087,772</b>	<b>\$3,319,486</b>	<b>\$3,330,323</b>	<b>\$6,001,115</b>	<b>\$6,649,809</b>	<b>\$648,694</b>	<b>10.81%</b>
General Fund	3,057	4,682	2,943	2,940	7,739	5,883	(1,856)	(23.98%)
State Special	2,910,286	3,083,090	3,316,543	3,327,383	5,993,376	6,643,926	650,550	10.85%
<b>Total Funds</b>	<b>\$2,913,343</b>	<b>\$3,087,772</b>	<b>\$3,319,486</b>	<b>\$3,330,323</b>	<b>\$6,001,115</b>	<b>\$6,649,809</b>	<b>\$648,694</b>	<b>10.81%</b>

### Page Reference

Legislative Budget Analysis, C-228

### Funding

The Brand Enforcement Division is funded with general fund, per capita fees, and inspection and control funds. Inspection and control funds are generated from brand recordings, and market and local inspections.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	3,057	3,057	6,114	103.93%	2,913,343	2,913,343	5,826,686	87.62%
Statewide PL Adjustments	(1)	(1)	(2)	(0.03%)	151,644	162,960	314,604	4.73%
Other PL Adjustments	(28)	(31)	(59)	(1.00%)	162,926	143,896	306,822	4.61%
New Proposals	(85)	(85)	(170)	(2.89%)	91,573	110,124	201,697	3.03%
<b>Total Budget</b>	<b>\$2,943</b>	<b>\$2,940</b>	<b>\$5,883</b>		<b>\$3,319,486</b>	<b>\$3,330,323</b>	<b>\$6,649,809</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					228,404					234,609
Vacancy Savings					(107,700)					(107,944)
Inflation/Deflation					28,593					32,884
Fixed Costs					2,347					3,411
<b>Total Statewide Present Law Adjustments</b>		<b>(\$1)</b>	<b>\$151,645</b>	<b>\$0</b>	<b>\$151,644</b>		<b>(\$1)</b>	<b>\$162,961</b>	<b>\$0</b>	<b>\$162,960</b>
DP 602 - Brands - Vehicle Replacement - OTO	0.00	0	87,726	0	87,726	0.00	0	87,726	0	87,726
DP 603 - Brands - Firearm Replacement - OTO	0.00	0	15,000	0	15,000	0.00	0	0	0	0
DP 605 - Brands - Overtime	0.00	0	80,523	0	80,523	0.00	0	80,523	0	80,523
DP 606 - Brands - Out of State Travel	0.00	0	6,947	0	6,947	0.00	0	6,947	0	6,947
DP 7101 - Fuel Inflation Reduction	0.00	(28)	(27,242)	0	(27,270)	0.00	(31)	(31,269)	0	(31,300)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$28)</b>	<b>\$162,954</b>	<b>\$0</b>	<b>\$162,926</b>	<b>0.00</b>	<b>(\$31)</b>	<b>\$143,927</b>	<b>\$0</b>	<b>\$143,896</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>(\$29)</b>	<b>\$314,599</b>	<b>\$0</b>	<b>\$314,570</b>	<b>0.00</b>	<b>(\$32)</b>	<b>\$306,888</b>	<b>\$0</b>	<b>\$306,856</b>

DP 602 - Brands - Vehicle Replacement - OTO - The legislature approved authority to replace five pick-ups each year of the biennium. The Brand Enforcement Division has no regional offices. Instead 22.00 FTE utilize pickups to do their work.

DP 603 - Brands - Firearm Replacement - OTO - The legislature approved funding for replacement firearms. The division has not replaced handguns since 1992. The legislature approved one-time only authority to replace 30 firearms. These costs are funded from inspection and control revenues.

DP 605 - Brands - Overtime - The legislature approved \$80,523 each year of the biennium to fund overtime costs. These costs are funded from inspection and control revenues.

DP 606 - Brands - Out of State Travel - The legislature approved appropriation authority to increase out-of-state travel for enforcement professionals by \$6,947 each year of the biennium. This decision package adjusts the base to \$9,382 per year, enough to fund five out-of-state trips.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 601 - Brands - Ten Year Rerecord - OTO 06	0.00	0	0	0	0	2.00	0	179,981	0	179,981
DP 604 - Brands - System Upgrade - OTO/Bien 06	0.00	0	172,350	0	172,350	0.00	0	11,100	0	11,100
DP 8101 - Increase Vacancy Savings to 7% 06	0.00	(85)	(80,692)	0	(80,777)	0.00	(85)	(80,872)	0	(80,957)
<b>Total</b>	<b>0.00</b>	<b>(\$85)</b>	<b>\$91,658</b>	<b>\$0</b>	<b>\$91,573</b>	<b>2.00</b>	<b>(\$85)</b>	<b>\$110,209</b>	<b>\$0</b>	<b>\$110,124</b>

DP 601 - Brands - Ten Year Rerecord - OTO - The Brand Enforcement Division rerecords all brands every ten years. The next scheduled recording is in FY 2011. The legislature approved authority for 2.00 FTE and operating costs to complete the process. This appropriation is void if the committee bill to redesign the rerecord process is passed and approved.

*The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** The Brand Enforcement Division rerecords all brands every ten years, as required per 81-3-104, MCA. This is a major funding source since the fee to rerecord is \$100 per brand. This could bring in as much as \$6 million in brand enforcement revenue.

**Objective:** The goal is to notify every brand owner of rerecord requirements and complete all rerecords in a timely manner. It is our goal to ensure that all brands are properly recorded for the benefit of the livestock industry. It is also our goal to have maximum participation and accountability of the initial notification and subsequent returns.

**Performance Criteria:** Division management will measure the project’s progress by bar code tracking of how many rerecord notices are sent out as compared to recorded brands in the system. This will enable staff to identify any missing notices and to resend them, and to timely process the returned applications and resend the notices returned due to incorrect addresses.

**Milestones:** The rerecord notices must be returned postmarked by December 31, 2011. Two additional FTE will be hired to do this work. The first position is a lead worker and will be hired July of 2010 to begin the massive process. By January 2011 the second position will be double filled and all three workers will be heavily involved with all re-recording.

**FTE:** The work will be directed by the Brand Enforcement Division Administrator. Key existing staff such as the brand recorder will also manage the daily work. Because of the heavy workload demand, 2.00 FTE will be hired as referred to above.

**Funding:** By statute 81-3-107 MCA, revenue generated by the brand rerecord is deposited in a state special revenue fund (02425 brand enforcement revenue fund). This statute also stipulates that only ten percent of the total rerecord collected can be used by the department each year of the ten-year cycle.

**Obstacles:** The major challenge is to get all the notices out in a timely fashion, track the notices sent and compare them to those returned and ultimately rerecorded. Since there are so many brands to rerecord it is a challenge to carry out the process and continue to get regular division work done. It is also a challenge to ensure that our technology systems successfully function throughout the process.

Risk: The industry must have proper brand identification to track all ownership and movement of livestock. Ranchers in our industry must have proper identification to secure all brand liens vital to their operation. The rerecord process ensures continuity of business operations for all Montana producers and livestock auction markets. Animal identification is also critical to disease control and state and national security. Delayed or inefficient management of this process could result in a loss of vital revenue to the producer and the department.

DP 604 - Brands - System Upgrade - OTO/Bien - The legislature approved \$172,530 in FY 2010 and \$11,100 in FY 2011 of one-time only per capita authority to replace the Brand Enforcement Division recording and look up system. This change will allow a producer to procure a brand or look up a brand over the Internet. This funding includes \$11,100 to lease an oracle server.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	20.50	20.50	20.50	20.50	20.50	20.50	0.00	0.00%
Personal Services	838,063	928,087	898,905	901,632	1,766,150	1,800,537	34,387	1.95%
Operating Expenses	249,759	318,702	307,828	309,675	568,461	617,503	49,042	8.63%
<b>Total Costs</b>	<b>\$1,087,822</b>	<b>\$1,246,789</b>	<b>\$1,206,733</b>	<b>\$1,211,307</b>	<b>\$2,334,611</b>	<b>\$2,418,040</b>	<b>\$83,429</b>	<b>3.57%</b>
General Fund	562,106	619,785	600,160	602,450	1,181,891	1,202,610	20,719	1.75%
State Special	2,200	6,475	6,413	6,407	8,675	12,820	4,145	47.78%
Federal Special	523,516	620,529	600,160	602,450	1,144,045	1,202,610	58,565	5.12%
<b>Total Funds</b>	<b>\$1,087,822</b>	<b>\$1,246,789</b>	<b>\$1,206,733</b>	<b>\$1,211,307</b>	<b>\$2,334,611</b>	<b>\$2,418,040</b>	<b>\$83,429</b>	<b>3.57%</b>

### Page Reference

Legislative Budget Analysis, C-234

### Funding

The majority of program funding is split evenly between federal funds and the general fund. Per cooperative agreement with the US Department of Agriculture, state special revenue funds cannot be used as match when they are derived through a fee on producers being inspected by the program. Since the majority of state special revenue funds are generated from fees on producers being inspected, general fund is used as match. A small portion of state special revenue derived from inspection fees on facilities is used in this division.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	562,106	562,106	1,124,212	93.48%	1,087,822	1,087,822	2,175,644	89.98%
Statewide PL Adjustments	34,145	36,520	70,665	5.88%	111,096	115,840	226,936	9.39%
Other PL Adjustments	18,412	18,371	36,783	3.06%	36,821	36,739	73,560	3.04%
New Proposals	(14,503)	(14,547)	(29,050)	(2.42%)	(29,006)	(29,094)	(58,100)	(2.40%)
<b>Total Budget</b>	<b>\$600,160</b>	<b>\$602,450</b>	<b>\$1,202,610</b>		<b>\$1,206,733</b>	<b>\$1,211,307</b>	<b>\$2,418,040</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					128,512					131,445
Vacancy Savings					(38,664)					(38,782)
Inflation/Deflation					21,248					23,177
<b>Total Statewide Present Law Adjustments</b>		<b>\$34,145</b>	<b>\$4,216</b>	<b>\$72,735</b>	<b>\$111,096</b>		<b>\$36,520</b>	<b>\$4,210</b>	<b>\$75,110</b>	<b>\$115,840</b>
DP 1001 - Meat Inspection - Computers-OTO	0.00	8,750	0	8,750	17,500	0.00	8,750	0	8,750	17,500
DP 1002 - Meat Inspection - Lab Sampling	0.00	1,388	0	1,388	2,776	0.00	1,388	0	1,388	2,776
DP 1003 - Meat Inspection - Out of State Travel	0.00	1,573	0	1,574	3,147	0.00	1,573	0	1,574	3,147
DP 1004 - PHPCIS - Maintenance Contracts & Service	0.00	6,977	0	6,976	13,953	0.00	6,977	0	6,976	13,953
DP 7101 - Fuel Inflation Reduction	0.00	(276)	(3)	(276)	(555)	0.00	(317)	(3)	(317)	(637)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$18,412</b>	<b>(\$3)</b>	<b>\$18,412</b>	<b>\$36,821</b>	<b>0.00</b>	<b>\$18,371</b>	<b>(\$3)</b>	<b>\$18,371</b>	<b>\$36,739</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$52,557</b>	<b>\$4,213</b>	<b>\$91,147</b>	<b>\$147,917</b>	<b>0.00</b>	<b>\$54,891</b>	<b>\$4,207</b>	<b>\$93,481</b>	<b>\$152,579</b>

DP 1001 - Meat Inspection - Computers-OTO - The legislature approved \$8,750 one-time only general fund and federal special revenue each year of the biennium for replacement computers. The federal government requires that the computers and software used by the state meat inspectors be equal in status to the USDA Food Safety Inspection Program.

DP 1002 - Meat Inspection - Lab Sampling - The legislature approved an increase in base funding to cover the cost of additional microbiological sampling and testing required by the USDA. The increase is equally split between federal funds and general fund.

DP 1003 - Meat Inspection - Out of State Travel - The legislature approved appropriation authority to increase out-of-state travel for inspection professionals by \$3,147 each year of the biennium. This decision package adjusts the base to \$3,894 per year, enough to fund three out-of-state trips.

DP 1004 - PHPCIS - Maintenance Contracts & Service - The legislature approved \$6,977 general fund and federal special revenue authority each year of the biennium for computer hardware and software maintenance contracts for the meat inspection program.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8101 - Increase Vacancy Savings to 7%											
10	0.00	(14,503)	0	(14,503)	(29,006)	0.00	(14,547)	0	(14,547)	(29,094)	
<b>Total</b>	<b>0.00</b>	<b>(\$14,503)</b>	<b>\$0</b>	<b>(\$14,503)</b>	<b>(\$29,006)</b>	<b>0.00</b>	<b>(\$14,547)</b>	<b>\$0</b>	<b>(\$14,547)</b>	<b>(\$29,094)</b>	

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Agency Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	544.37	544.37	556.69	556.69	544.37	556.69	12.32	2.26%
Personal Services	29,564,814	31,869,195	31,597,485	31,725,460	61,434,009	63,322,945	1,888,936	3.07%
Operating Expenses	13,078,619	14,135,948	14,552,031	14,593,886	27,214,567	29,145,917	1,931,350	7.10%
Equipment & Intangible Assets	1,217,708	1,118,448	1,527,076	1,535,026	2,336,156	3,062,102	725,946	31.07%
Capital Outlay	69,788	135,118	69,788	69,788	204,906	139,576	(65,330)	(31.88%)
Local Assistance	0	200,000	200,000	200,000	200,000	400,000	200,000	100.00%
Grants	1,410,342	1,432,297	1,550,342	1,550,342	2,842,639	3,100,684	258,045	9.08%
Transfers	959,895	977,351	1,218,390	1,228,444	1,937,246	2,446,834	509,588	26.30%
Debt Service	387,283	476,504	478,067	478,067	863,787	956,134	92,347	10.69%
<b>Total Costs</b>	<b>\$46,688,449</b>	<b>\$50,344,861</b>	<b>\$51,193,179</b>	<b>\$51,381,013</b>	<b>\$97,033,310</b>	<b>\$102,574,192</b>	<b>\$5,540,882</b>	<b>5.71%</b>
General Fund	20,883,410	21,819,894	22,171,381	22,239,712	42,703,304	44,411,093	1,707,789	4.00%
State Special	24,052,836	26,686,335	26,925,561	27,061,646	50,739,171	53,987,207	3,248,036	6.40%
Federal Special	1,752,203	1,838,632	2,096,237	2,079,655	3,590,835	4,175,892	585,057	16.29%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$46,688,449</b>	<b>\$50,344,861</b>	<b>\$51,193,179</b>	<b>\$51,381,013</b>	<b>\$97,033,310</b>	<b>\$102,574,192</b>	<b>\$5,540,882</b>	<b>5.71%</b>

### Page Reference

Legislative Budget Analysis, C-238

### Executive Budget Comparison

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg - Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg - Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	544.37	553.69	556.69	3.00	553.69	556.69	3.00	
Personal Services	29,564,814	31,698,216	31,597,485	(100,731)	31,793,921	31,725,460	(68,461)	(169,192)
Operating Expenses	13,078,619	15,408,480	14,552,031	(856,449)	15,442,054	14,593,886	(848,168)	(1,704,617)
Equipment & Intangible Assets	1,217,708	1,337,518	1,527,076	189,558	1,345,477	1,535,026	189,549	379,107
Capital Outlay	69,788	69,788	69,788	0	69,788	69,788	0	0
Local Assistance	0	200,000	200,000	0	200,000	200,000	0	0
Grants	1,410,342	1,610,342	1,550,342	(60,000)	1,610,342	1,550,342	(60,000)	(120,000)
Transfers	959,895	1,218,390	1,218,390	0	1,228,444	1,228,444	0	0
Debt Service	387,283	478,067	478,067	0	478,067	478,067	0	0
<b>Total Costs</b>	<b>\$46,688,449</b>	<b>\$52,020,801</b>	<b>\$51,193,179</b>	<b>(\$827,622)</b>	<b>\$52,168,093</b>	<b>\$51,381,013</b>	<b>(\$787,080)</b>	<b>(\$1,614,702)</b>
General Fund	20,883,410	22,975,073	22,171,381	(803,692)	23,002,944	22,239,712	(763,232)	(1,566,924)
State/Other Special	24,052,836	26,949,491	26,925,561	(23,930)	27,085,494	27,061,646	(23,848)	(47,778)
Federal Special	1,752,203	2,096,237	2,096,237	0	2,079,655	2,079,655	0	0
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$46,688,449</b>	<b>\$52,020,801</b>	<b>\$51,193,179</b>	<b>(\$827,622)</b>	<b>\$52,168,093</b>	<b>\$51,381,013</b>	<b>(\$787,080)</b>	<b>(\$1,614,702)</b>

The legislature approved a biennial budget three percent lower than the executive proposal. This reduction includes a 3.2 percent general fund reduction applied to the agency as whole resulting in a reduction of \$1.5 million for the biennium. In addition, the legislature did not approve funding for maintenance on state owned water projects and instead voted to refer those projects to the Long Range Planning committee.

## Agency Highlights

<b>Department of Natural Resources and Conservation Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislative budget increases by \$5.5 million or six percent in the 2011 biennium from the previous biennium</li> <li>◆ The legislature approved a 3.2 percent, or \$1.5 general fund reduction over the biennium</li> <li>◆ One-time only appropriations total \$1.4 million over the biennium and include: <ul style="list-style-type: none"> <li>● \$280,000 for grants to conservation districts</li> <li>● \$203,000 for rural water support</li> <li>● \$400,000 to provide hardship funding in the revolving loan programs</li> <li>● \$223,000 for information technology needs</li> <li>● \$150,000 for travel, equipment and training in the oil and gas division</li> </ul> </li> <li>◆ The legislature added 2.0 FTE and \$160,000 state special revenue for personnel for the oil and gas data project and a rural fire coordinator</li> </ul>

## Agency Discussion

### *Recommended Companion Legislation*

A committee bill to transfer approximately \$2.0 million from the water adjudication fund to the natural resources operations fund to cover the cost of water court operations. The bill also directs the Legislative Finance Committee to determine the level of resources required to complete the water adjudication task.

### *Recommendations for Funding in the Stimulus bill*

The committee recommends funding the following items in the stimulus bill:

- Funding for an accountant for the Drinking Water State Revolving Fund program due to infusion of federal funds to the program
- Operations funding for the Clean Water State Revolving Fund program due to infusion of federal funds to the program
- 2.0 FTE, contracted engineering services, and operating costs for the Renewable Resources Grant and Loan Program and the Reclamation and Development Loan program to deal with increased work load related to the infusion of federal funds for water projects

### *Goals and Objectives*

None

## Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total Percent
01 Centralized Services Division	\$ 1,063,242	\$ -	\$ 453,878	\$ 1,517,120	1.87%
02 Challenge Program	2,570,073	-	3,972,747	\$ 6,542,820	8.08%
03 Scholarship Program	500,000	-	-	\$ 500,000	0.62%
04 Starbase	-	-	727,209	\$ 727,209	0.90%
12 Army National Guard Pgm	2,634,528	-	26,046,968	\$ 28,681,496	35.43%
13 Air National Guard Pgm	743,460	-	7,125,589	\$ 7,869,049	9.72%
21 Disaster & Emergency Services	2,143,595	634,955	28,419,838	\$ 31,198,388	38.54%

General fund supports operating costs across the department. The programs in the Forestry Division and the Water Resource Division receive the most general fund support.

The agency receives funds from interest derived from the resource indemnity trust (RIT) for projects and operational support. The grant and loan programs funded by the RIT interest are also managed by the agency. A discussion on RIT and related funds can be found in the agency narrative of the Department of Environmental Quality. Other state special revenue is derived from fire protection taxes, oil and gas operating fees, forest improvement fees, and revenues retained from state land activities for administration costs.

Federal funds come from a variety of sources such as the Federal Emergency Management Agency, the United States Department of Agriculture, and the Bureau of Land Management.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	20,883,410	20,883,410	41,766,820	94.05%	46,688,449	46,688,449	93,376,898	91.03%
Statewide PL Adjustments	1,766,570	1,758,514	3,525,084	7.94%	3,474,582	3,516,131	6,990,713	6.82%
Other PL Adjustments	226,072	307,315	533,387	1.20%	1,839,758	2,076,600	3,916,358	3.82%
New Proposals	(704,671)	(709,527)	(1,414,198)	(3.18%)	(809,610)	(900,167)	(1,709,777)	(1.67%)
<b>Total Budget</b>	<b>\$22,171,381</b>	<b>\$22,239,712</b>	<b>\$44,411,093</b>		<b>\$51,193,179</b>	<b>\$51,381,013</b>	<b>\$102,574,192</b>	

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	41.50	41.50	41.50	41.50	41.50	41.50	0.00	0.00%
Personal Services	2,421,039	2,659,504	2,581,876	2,590,636	5,080,543	5,172,512	91,969	1.81%
Operating Expenses	767,779	648,253	310,585	209,710	1,416,032	520,295	(895,737)	(63.26%)
Equipment & Intangible Assets	7,155	20,000	7,155	7,155	27,155	14,310	(12,845)	(47.30%)
Capital Outlay	0	10,000	0	0	10,000	0	(10,000)	(100.00%)
<b>Total Costs</b>	<b>\$3,195,973</b>	<b>\$3,337,757</b>	<b>\$2,899,616</b>	<b>\$2,807,501</b>	<b>\$6,533,730</b>	<b>\$5,707,117</b>	<b>(\$826,613)</b>	<b>(12.65%)</b>
General Fund	2,414,779	2,594,318	2,116,252	2,039,058	5,009,097	4,155,310	(853,787)	(17.04%)
State Special	681,199	668,439	593,856	596,616	1,349,638	1,190,472	(159,166)	(11.79%)
Federal Special	99,995	75,000	189,508	171,827	174,995	361,335	186,340	106.48%
<b>Total Funds</b>	<b>\$3,195,973</b>	<b>\$3,337,757</b>	<b>\$2,899,616</b>	<b>\$2,807,501</b>	<b>\$6,533,730</b>	<b>\$5,707,117</b>	<b>(\$826,613)</b>	<b>(12.65%)</b>

### Page Reference

Legislative Budget Analysis, C-249

### Funding

The Centralized Services Division is funded primarily with general fund, a variety of resource based accounts such as revenue from timber sales and taxes on oil and gas wells, and federal indirect grant reimbursements. To obtain funding the department charges overhead rates to other divisions to recover costs. The rate varies depending upon the type and amount of managerial, payroll, contract, and accounts payable services provided to the divisions.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,414,779	2,414,779	4,829,558	116.23%	3,195,973	3,195,973	6,391,946	112.00%
Statewide PL Adjustments	302,321	214,011	516,332	12.43%	508,786	395,476	904,262	15.84%
Other PL Adjustments	9,006	20,636	29,642	0.71%	48,711	70,420	119,131	2.09%
New Proposals	(609,854)	(610,368)	(1,220,222)	(29.37%)	(853,854)	(854,368)	(1,708,222)	(29.93%)
<b>Total Budget</b>	<b>\$2,116,252</b>	<b>\$2,039,058</b>	<b>\$4,155,310</b>		<b>\$2,899,616</b>	<b>\$2,807,501</b>	<b>\$5,707,117</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					388,715					398,149
Vacancy Savings					(112,388)					(112,766)
Inflation/Deflation					4,190					5,378
Fixed Costs					228,269					104,715
<b>Total Statewide Present Law Adjustments</b>		<b>\$302,321</b>	<b>\$156,460</b>	<b>\$50,005</b>	<b>\$508,786</b>		<b>\$214,011</b>	<b>\$156,460</b>	<b>\$25,005</b>	<b>\$395,476</b>
DP 2101 - Centralized Services Operating Adjustment	0.00	9,176	5,249	34,517	48,942	0.00	20,831	8,018	41,836	70,685
DP 7101 - Fuel Inflation Reduction	0.00	(170)	(52)	(9)	(231)	0.00	(195)	(61)	(9)	(265)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$9,006</b>	<b>\$5,197</b>	<b>\$34,508</b>	<b>\$48,711</b>	<b>0.00</b>	<b>\$20,636</b>	<b>\$7,957</b>	<b>\$41,827</b>	<b>\$70,420</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$311,327</b>	<b>\$161,657</b>	<b>\$84,513</b>	<b>\$557,497</b>	<b>0.00</b>	<b>\$234,647</b>	<b>\$164,417</b>	<b>\$66,832</b>	<b>\$465,896</b>

DP 2101 - Centralized Services Operating Adjustment - The bill contains a base adjustment for janitorial services, targeted server and computer replacement, and rent at one non-state building.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2102 - Natural Resources Operations Acct - Funding Switch	21	0.00	249,000	(249,000)	0	0	0.00	249,000	(249,000)	0	0
DP 2151 - Centralized Services Legal Imaging - OTO	21	0.00	5,000	0	5,000	10,000	0.00	5,000	0	5,000	10,000
DP 2155 - General Fund Reduction	21	0.00	(750,000)	0	0	(750,000)	0.00	(750,000)	0	0	(750,000)
DP 2170 - Personal Services Reduction	21	0.00	(31,199)	0	0	(31,199)	0.00	(31,211)	0	0	(31,211)
DP 6101 - Fixed Cost Workers Comp Management Program Allocat	21	0.00	1,636	0	0	1,636	0.00	1,418	0	0	1,418
DP 8101 - Increasing 4% vacancy savings to 7%	21	0.00	(84,291)	0	0	(84,291)	0.00	(84,575)	0	0	(84,575)
<b>Total</b>	<b>0.00</b>	<b>(\$609,854)</b>	<b>(\$249,000)</b>	<b>\$5,000</b>	<b>(\$853,854)</b>	<b>0.00</b>	<b>(\$610,368)</b>	<b>(\$249,000)</b>	<b>\$5,000</b>	<b>(\$854,368)</b>	

DP 2102 - Natural Resources Operations Acct - Funding Switch - To balance expenditures with available revenue in the natural resources operations account, the bill contained a funding switch of \$249,000 general fund each year of the biennium for the same amount of state special revenue. Funding is used to help pay for the staff and operating expenses of the Centralized Services Division.

DP 2151 - Centralized Services Legal Imaging - OTO - The legislature approved a one-time appropriation of general fund and federal special funds of \$10,000 per year to institute and maintain a searchable electronic database of the legal unit's case files using FileNet. The project is contracted through the Department of Administration-ITSD.

DP 2155 - General Fund Reduction - The legislature reduced the general fund appropriation for the department by 3.2 percent or \$750,000 each year of the biennium. The department was provided the flexibility to apply the reduction throughout the agency.

DP 2170 - Personal Services Reduction - The legislature reduced personal services in an amount equal to the value of positions that have been vacant for more than 12 months as of January 2, 2009.

DP 6101 - Fixed Cost Workers Comp Management Program Allocat - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% vacancy savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### **Language and Statutory Authority**

Centralized services includes unspecified reductions in general fund money of \$750,000 in fiscal year 2010 and \$750,000 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	20.50	20.50	21.50	21.50	20.50	21.50	1.00	4.88%
Personal Services	1,004,109	1,323,256	1,175,173	1,190,511	2,327,365	2,365,684	38,319	1.65%
Operating Expenses	676,963	862,022	813,930	813,893	1,538,985	1,627,823	88,838	5.77%
Equipment & Intangible Assets	47,672	53,345	299,730	299,721	101,017	599,451	498,434	493.42%
Grants	3,000	7,000	3,000	3,000	10,000	6,000	(4,000)	(40.00%)
<b>Total Costs</b>	<b>\$1,731,744</b>	<b>\$2,245,623</b>	<b>\$2,291,833</b>	<b>\$2,307,125</b>	<b>\$3,977,367</b>	<b>\$4,598,958</b>	<b>\$621,591</b>	<b>15.63%</b>
State Special	1,731,744	2,245,623	2,156,891	2,172,183	3,977,367	4,329,074	351,707	8.84%
Federal Special	0	0	134,942	134,942	0	269,884	269,884	n/a
<b>Total Funds</b>	<b>\$1,731,744</b>	<b>\$2,245,623</b>	<b>\$2,291,833</b>	<b>\$2,307,125</b>	<b>\$3,977,367</b>	<b>\$4,598,958</b>	<b>\$621,591</b>	<b>15.63%</b>

### Page Reference

Legislative Budget Analysis, C-254

### Funding

The division is funded through taxes levied on oil and gas wells and the class II annual operating fee. By statute (15-36-331, MCA), a percentage of oil production taxes and natural gas taxes are deposited to the account for the board's use. The Board of Oil and Gas Conservation (BOGC) is authorized by statute (82-11-131, MCA) to set privilege and license taxes up to 3/10 of 1 percent of the market value of each barrel of crude petroleum produced and of each 10,000 cubic feet of natural gas produced to comply with 15-36-331 MCA. The privilege and license tax is currently set at 30 percent of the maximum allowed by statute. Section 82-11-137, MCA provides for a maximum \$300 annual operating fee for each class II injection well. The board set the fee at \$200.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	0	0	0	0.00%	1,731,744	1,731,744	3,463,488	75.31%
Statewide PL Adjustments	0	0	0	0.00%	260,766	264,052	524,818	11.41%
Other PL Adjustments	0	0	0	0.00%	61,930	74,165	136,095	2.96%
New Proposals	0	0	0	0.00%	237,393	237,164	474,557	10.32%
<b>Total Budget</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$2,291,833</b>	<b>\$2,307,125</b>	<b>\$4,598,958</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					296,216					298,590
Vacancy Savings					(52,013)					(52,111)
Inflation/Deflation					7,551					8,760
Fixed Costs					9,012					8,813
<b>Total Statewide Present Law Adjustments</b>		<b>\$0</b>	<b>\$260,766</b>	<b>\$0</b>	<b>\$260,766</b>		<b>\$0</b>	<b>\$264,052</b>	<b>\$0</b>	<b>\$264,052</b>
DP 2201 - Oil & Gas Operating Adjustment	0.00	0	18,246	0	18,246	0.00	0	31,414	0	31,414
DP 2202 - Board of Oil & Gas Office Equipment-BIEN-OTO	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 7101 - Fuel Inflation Reduction	0.00	0	(6,316)	0	(6,316)	0.00	0	(7,249)	0	(7,249)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$61,930</b>	<b>\$0</b>	<b>\$61,930</b>	<b>0.00</b>	<b>\$0</b>	<b>\$74,165</b>	<b>\$0</b>	<b>\$74,165</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$0</b>	<b>\$322,696</b>	<b>\$0</b>	<b>\$322,696</b>	<b>0.00</b>	<b>\$0</b>	<b>\$338,217</b>	<b>\$0</b>	<b>\$338,217</b>

DP 2201 - Oil & Gas Operating Adjustment - The legislature approved additional state special revenue of \$18,246 in FY 2010 and \$31,414 in FY 2011 for board per diem, exempt staff pay, janitorial, and rent increases for non-state buildings within the Regulatory and Underground Injection Control Programs.

DP 2202 - Board of Oil & Gas Office Equipment-BIEN-OTO - The legislature approved one-time-only budget authority of \$100,000 state special revenue funds in order to procure four new office cubicles estimated at \$10,000 each and a high density compact mobile storage system for well files estimated at \$60,000 for the new building in Billings approved by the 60th Legislature.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 2204 - North American Prospect Exhibition-OTO	22	0.00	0	7,500	0	7,500	0.00	0	7,500	0	7,500
DP 2206 - Underground Injection Control (UIC) Funding Change	22	0.00	0	134,942	134,942	0.00	0	0	134,942	134,942	
DP 2250 - O & G Educational Workshop_-OTO	22	0.00	0	62,500	0	62,500	0.00	0	62,500	0	62,500
DP 2251 - Public Data Access	22	1.00	0	220,000	0	220,000	1.00	0	220,000	0	220,000
DP 2270 - Personal Services Reduction	22	0.00	0	(149,395)	0	(149,395)	0.00	0	(149,437)	0	(149,437)
DP 6101 - Fixed Cost Workers Comp Management Program Allocat	22	0.00	0	858	0	858	0.00	0	744	0	744
DP 8101 - Increasing 4% Vacancy Savings to 7%	22	0.00	0	(39,012)	0	(39,012)	0.00	0	(39,085)	0	(39,085)
<b>Total</b>	<b>1.00</b>	<b>\$0</b>	<b>\$102,451</b>	<b>\$134,942</b>	<b>\$237,393</b>	<b>1.00</b>	<b>\$0</b>	<b>\$102,222</b>	<b>\$134,942</b>	<b>\$237,164</b>	

DP 2204 - North American Prospect Exhibition-OTO - The legislature approved one-time-only state special revenue authority of \$7,500 per year for staff and board members to attend and sponsor a booth at the annual North American

Prospect Exhibition in Houston. Funding will provide travel, supplies, and booth rental and registration fees.

DP 2206 - Underground Injection Control (UIC) Funding Change - The legislature approved federal special revenue of \$134,942 in FY 2010 and \$134,942 in FY 2011 for the UIC program. This will establish federal revenue authority in the division's base budget to allow for expenditure of the annual EPA grant.

DP 2250 - O & G Educational Workshop -OTO - The legislature approved \$62,500 of state special revenue each year of the biennium to provide an annual workshop for Montana teachers.

DP 2251 - Public Data Access - The legislature approved \$220,000 state special revenue and 1.0 FTE per year to continue the public access data system project initially authorized by the 2003 Legislature as OTO/Restricted. The project makes historical records available for intern or other public accessibility.

DP 2270 - Personal Services Reduction - The legislature reduced personal services in an amount equal to the value of the 2.0 positions that have been vacant for more than 12 months as of January 2, 2009.

DP 6101 - Fixed Cost Workers Comp Management Program Allocat - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	24.50	24.50	24.50	24.50	24.50	24.50	0.00	0.00%
Personal Services	1,501,343	1,571,834	1,539,885	1,546,375	3,073,177	3,086,260	13,083	0.43%
Operating Expenses	1,820,039	1,878,135	2,116,481	2,144,509	3,698,174	4,260,990	562,816	15.22%
Equipment & Intangible Assets	45,141	54,996	45,141	45,141	100,137	90,282	(9,855)	(9.84%)
Local Assistance	0	200,000	200,000	200,000	200,000	400,000	200,000	100.00%
Grants	1,222,851	1,240,806	1,362,851	1,362,851	2,463,657	2,725,702	262,045	10.64%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$4,589,374</b>	<b>\$4,945,771</b>	<b>\$5,264,358</b>	<b>\$5,298,876</b>	<b>\$9,535,145</b>	<b>\$10,563,234</b>	<b>\$1,028,089</b>	<b>10.78%</b>
General Fund	1,367,141	1,395,252	1,506,115	1,519,135	2,762,393	3,025,250	262,857	9.52%
State Special	2,956,284	3,276,911	3,462,479	3,484,005	6,233,195	6,946,484	713,289	11.44%
Federal Special	265,949	273,608	295,764	295,736	539,557	591,500	51,943	9.63%
<b>Total Funds</b>	<b>\$4,589,374</b>	<b>\$4,945,771</b>	<b>\$5,264,358</b>	<b>\$5,298,876</b>	<b>\$9,535,145</b>	<b>\$10,563,234</b>	<b>\$1,028,089</b>	<b>10.78%</b>

### Page Reference

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### Funding

This program is primarily funded with general fund, resource indemnity trust (RIT) accounts, and coal severance taxes.

RIT funding is used to administer the Reclamation and Development Grants Program (RDGP) and the Renewable Resources Grant and Loan Program (RRGLP). The RDGP is a state-funded grant program that assists any department, agency, and division of state government, tribal government, board, or commission to indemnify the people of the state for the effects of mineral development on public resources. The RRGLP funds a variety of natural resource projects including groundwater studies, irrigation projects, water and soil conservation, and public wastewater projects, primarily through grants administered by the department. Coal severance tax is used to provide grants to conservation districts for natural resource related projects such as streambed stabilization, soil conservation, educational activities, and demonstrations of new technologies.

The Natural Resource Development Bureau utilizes one-third of the division general fund to administer grant and loan programs, provide assistance to conservation districts for the administration of water reservations, and assist landowners to develop new irrigation. The Conservation District Bureau utilizes two-thirds of the available general fund to assist Montana conservation and grazing districts. The remaining program funding includes miscellaneous state special revenue, federal drinking water and water pollution control funds, and miscellaneous federal sources used to supplement division activities.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	1,367,141	1,367,141	2,734,282	90.38%	4,589,374	4,589,374	9,178,748	86.89%
Statewide PL Adjustments	41,410	47,530	88,940	2.94%	102,905	110,466	213,371	2.02%
Other PL Adjustments	7,652	14,753	22,405	0.74%	519,359	546,669	1,066,028	10.09%
New Proposals	89,912	89,711	179,623	5.94%	52,720	52,367	105,087	0.99%
<b>Total Budget</b>	<b>\$1,506,115</b>	<b>\$1,519,135</b>	<b>\$3,025,250</b>		<b>\$5,264,358</b>	<b>\$5,298,876</b>	<b>\$10,563,234</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					157,284					164,686
Vacancy Savings					(66,343)					(66,642)
Inflation/Deflation					5,663					6,453
Fixed Costs					6,301					5,969
<b>Total Statewide Present Law Adjustments</b>		<b>\$41,410</b>	<b>\$61,495</b>	<b>\$0</b>	<b>\$102,905</b>		<b>\$47,530</b>	<b>\$62,936</b>	<b>\$0</b>	<b>\$110,466</b>
DP 2301 - CARDD Operating Adjustment	0.00	8,340	22,660	30,000	61,000	0.00	15,545	43,155	30,000	88,700
DP 2302 - Montana Grass Conservation Commission (MGCC)	0.00	0	9,000	0	9,000	0.00	0	9,000	0	9,000
DP 2303 - Coal Bed Methane CD Administration	0.00	0	48,000	0	48,000	0.00	0	48,000	0	48,000
DP 2304 - Drinking Water Loan Assistance-(RST/OTO)	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 2305 - Regional Water Systems	0.00	0	64,000	0	64,000	0.00	0	64,000	0	64,000
DP 2307 - Conservation District Grants – OTO	0.00	0	140,000	0	140,000	0.00	0	140,000	0	140,000
DP 7101 - Fuel Inflation Reduction	0.00	(688)	(1,768)	(185)	(2,641)	0.00	(792)	(2,026)	(213)	(3,031)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$7,652</b>	<b>\$481,892</b>	<b>\$29,815</b>	<b>\$519,359</b>	<b>0.00</b>	<b>\$14,753</b>	<b>\$502,129</b>	<b>\$29,787</b>	<b>\$546,669</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$49,062</b>	<b>\$543,387</b>	<b>\$29,815</b>	<b>\$622,264</b>	<b>0.00</b>	<b>\$62,283</b>	<b>\$565,065</b>	<b>\$29,787</b>	<b>\$657,135</b>

DP 2301 - CARDD Operating Adjustment - The legislature approved \$61,000 in FY 2010 and \$88,700 in FY 2011 of general, state special, federal special funds to restore the base budget due to increased rent, travel and supply costs, cleaning service fees, and increased contract workload in the loan and grant programs.

DP 2302 - Montana Grass Conservation Commission (MGCC) - The legislature approved \$9,000 of state special revenue each year of the biennium for executive director services, travel, supplies and materials, and other operating expenses of MGCC. The funding will come from grazing fees that are collected each year from grazing district members.

DP 2303 - Coal Bed Methane CD Administration - The legislature approved \$48,000 per year state special revenue from the coal bed methane protection account. This funding will assist conservation districts with procedural development for evaluating claims under the coal bed methane protection program by July 1, 2011 and any claims for water losses.

DP 2304 - Drinking Water Loan Assistance-(RST/OTO) - The legislature approved \$200,000 of state special revenue each year of the 2011 biennium to match federal authority for hardship communities in the Safe Drinking Water program. This will allow the state to provide assistance to disadvantaged communities who borrow from the program. The funding is from the interest derived from the investments of the revolving fund.

DP 2305 - Regional Water Systems – The legislature approved \$64,000 per year of state special revenue funds to increase base expenditures for the continued development of Dry Prairie, Dry Red Water, Central Montana, and North Central Regional Water Systems. This will provide resources to maintain local support, work toward securing federal assistance, and negotiate needed agreements.

DP 2307 - Conservation District Grants - OTO - The legislature approved one-time-only state special revenue authority of \$140,000 each year of the biennium. The funding is from the coal severance tax shared account which is statutorily designated for libraries, conservation districts, and Growth Through Agriculture. Funds will be used for grants to local conservation districts.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

### New Proposals

Program	Fiscal 2010					Fiscal 2011					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 2306 - Montana Rural Water Systems (Bien/OTO)	23	0.00	101,500	0	0	101,500	0.00	101,500	0	0	101,500
DP 2308 - State Special Revenue Funding Switch-R	23	0.00	0	0	0	0.00	0	0	0	0	
DP 6101 - Fixed Cost Workers Comp Management Program Allocat	23	0.00	978	0	0	978	0.00	848	0	0	848
DP 8101 - Increasing 4% Vacancy Savings to 7%	23	0.00	(12,566)	(37,192)	0	(49,758)	0.00	(12,637)	(37,344)	0	(49,981)
<b>Total</b>	<b>0.00</b>	<b>\$89,912</b>	<b>(\$37,192)</b>	<b>\$0</b>	<b>\$52,720</b>	<b>0.00</b>	<b>\$89,711</b>	<b>(\$37,344)</b>	<b>\$0</b>	<b>\$52,367</b>	

DP 2306 - Montana Rural Water Systems (Bien/OTO) - The legislature approved \$203,000 one-time-only general fund for the support of Montana Rural Water Systems (MRWS). MRWS provides assistance to small regional water systems to meet requirements of the safe drinking water act and the state non-degradation rule. This appropriation will be offset by federal funds if they became available, see language section.

DP 2308 - State Special Revenue Funding Switch-RST – The legislature approved a funding switch of \$686,383 in FY 2010 and \$734,415 in FY 2011 from the natural resources operations fund to the coal severance tax shared fund. The appropriation is required in order to balance available resources within the operations fund.

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

“The department is appropriated up to \$600,000 for the 2011 biennium from the state special revenue account established in 85-1-617, MCA, for the purchase of prior liens on property held as loan security as required by 85-1-618, MCA.”

"The department is authorized to decrease federal special revenue in the Pollution Control and/or Drinking Water Revolving Fund Loan programs and increase state special revenue by a like amount within the special administration account when the amount of federal EPA CAP funds has been expended or federal funds and bond proceeds will be used for other program purposes as authorized in law providing for the distribution of funds."

“There is appropriated up to \$1 million of state special revenue for the 2011 biennium from the coal bed methane account to fund potential landowner or water right holder claims for emergency loss of water related to coal bed methane development.”

"If Montana Rural Water Systems receives federal funding during the 2011 biennium, Montana Rural Water Systems (BIEN/OTO) is reduced by a like amount."

**Program Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	157.00	157.00	157.00	157.00	157.00	157.00	0.00	0.00%
Personal Services	8,634,298	9,370,069	9,116,592	9,151,602	18,004,367	18,268,194	263,827	1.47%
Operating Expenses	2,915,678	3,174,036	2,987,208	3,054,458	6,089,714	6,041,666	(48,048)	(0.79%)
Equipment & Intangible Assets	103,602	672	103,602	111,902	104,274	215,504	111,230	106.67%
Capital Outlay	3,000	3,000	3,000	3,000	6,000	6,000	0	0.00%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	378,960	469,744	469,744	469,744	848,704	939,488	90,784	10.70%
<b>Total Costs</b>	<b>\$12,035,538</b>	<b>\$13,017,521</b>	<b>\$12,680,146</b>	<b>\$12,790,706</b>	<b>\$25,053,059</b>	<b>\$25,470,852</b>	<b>\$417,793</b>	<b>1.67%</b>
General Fund	7,518,992	8,127,033	7,939,854	8,004,757	15,646,025	15,944,611	298,586	1.91%
State Special	4,378,928	4,686,967	4,573,119	4,618,759	9,065,895	9,191,878	125,983	1.39%
Federal Special	137,618	203,521	167,173	167,190	341,139	334,363	(6,776)	(1.99%)
<b>Total Funds</b>	<b>\$12,035,538</b>	<b>\$13,017,521</b>	<b>\$12,680,146</b>	<b>\$12,790,706</b>	<b>\$25,053,059</b>	<b>\$25,470,852</b>	<b>\$417,793</b>	<b>1.67%</b>

**Page Reference**

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**Funding**

The Water Resources Division is predominantly funded with general fund and state special revenue, with a minor amount of federal revenue. Sources and purposes of state special revenue include:

- o Water storage account funded by direct allocation of RIT interest and revenue from water purchase contracts for the purpose of construction, operation, maintenance, and rehabilitation of state water storage projects
- o Water rights fees derived from fees collected to record rights to support water rights management
- o Funds set aside for water adjudication
- o Income derived from state owned hydroelectric projects for repair and rehabilitation of state owned water projects
- o Fees from water well contractors that support the Board of Water Well Contractors

General fund is utilized for personal services, general operating costs, and specific activities such as preparing for water litigation and map modernization. Federal funds are from Federal Emergency Management Agency (FEMA) grants and the Bureau of Reclamation.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	7,518,992	7,518,992	15,037,984	94.31%	12,035,538	12,035,538	24,071,076	94.50%
Statewide PL Adjustments	588,204	607,585	1,195,789	7.50%	882,467	918,865	1,801,332	7.07%
Other PL Adjustments	46,205	93,182	139,387	0.87%	43,992	120,138	164,130	0.64%
New Proposals	(213,547)	(215,002)	(428,549)	(2.69%)	(281,851)	(283,835)	(565,686)	(2.22%)
<b>Total Budget</b>	<b>\$7,939,854</b>	<b>\$8,004,757</b>	<b>\$15,944,611</b>		<b>\$12,680,146</b>	<b>\$12,790,706</b>	<b>\$25,470,852</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,201,899					1,239,565
Vacancy Savings					(393,449)					(394,960)
Inflation/Deflation					40,965					45,522
Fixed Costs					33,052					28,738
<b>Total Statewide Present Law Adjustments</b>		<b>\$588,204</b>	<b>\$311,969</b>	<b>(\$17,706)</b>	<b>\$882,467</b>		<b>\$607,585</b>	<b>\$328,962</b>	<b>(\$17,682)</b>	<b>\$918,865</b>
DP 2402 - Water Resources Operating Adjustment	0.00	47,110	119,997	0	167,107	0.00	94,220	149,209	0	243,429
DP 2403 - Community Assistance Program Federal	0.00	0	0	50,000	50,000	0.00	0	0	50,000	50,000
DP 2451 - Water Rights Adjustment	0.00	0	(171,924)	0	(171,924)	0.00	0	(171,924)	0	(171,924)
DP 7101 - Fuel Inflation Reduction	0.00	(905)	(279)	(7)	(1,191)	0.00	(1,038)	(321)	(8)	(1,367)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$46,205</b>	<b>(\$52,206)</b>	<b>\$49,993</b>	<b>\$43,992</b>	<b>0.00</b>	<b>\$93,182</b>	<b>(\$23,036)</b>	<b>\$49,992</b>	<b>\$120,138</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$634,409</b>	<b>\$259,763</b>	<b>\$32,287</b>	<b>\$926,459</b>	<b>0.00</b>	<b>\$700,767</b>	<b>\$305,926</b>	<b>\$32,310</b>	<b>\$1,039,003</b>

DP 2402 - Water Resources Operating Adjustment – The legislature approved \$167,107 in FY 2010 and \$243,429 in FY 2011 to restore funding for zero-based overtime, contract services, supplies, copier and computer replacements, debt service, rent increases, and other equipment replacement.

DP 2403 - Community Assistance Program Federal – The legislature approved federal special revenue of \$100,000 for the 2011 biennium for the annual award of funds from the Federal Emergency Management Agency (FEMA). The primary purpose of the award is to reduce the damage claims to the National Flood Insurance program through education and training.

DP 2451 - Water Rights Adjustment – The legislature reduces Water Rights Bureau funding by \$171,924 per year of state special revenue. The Water Rights Ownership Project was a one-time cost and does not need to be carried forward in the base budget.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 2401 - State Water Projects Rehabilitation-BIEN-OTO	24	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 2470 - Personal Services Reduction	24	0.00	(26,452)	(6,616)	0	(33,068)	0.00	(26,465)	(6,616)	0	(33,081)
DP 6101 - Fixed Cost Workers Comp Management Program Allocat	24	0.00	6,305	0	0	6,305	0.00	5,466	0	0	5,466
DP 8101 - Increasing 4% Vacancy Savings to 7%	24	0.00	(193,400)	(98,956)	(2,732)	(295,088)	0.00	(194,003)	(99,479)	(2,738)	(296,220)
<b>Total</b>	<b>0.00</b>	<b>(\$213,547)</b>	<b>(\$65,572)</b>	<b>(\$2,732)</b>	<b>(\$281,851)</b>	<b>0.00</b>	<b>(\$215,002)</b>	<b>(\$66,095)</b>	<b>(\$2,738)</b>	<b>(\$283,835)</b>	

DP 2401 - State Water Projects Rehabilitation-BIEN-OTO - The legislature approved a one-time-only biennial appropriation of \$80,000 for ongoing repairs at the Broadwater-Toston Dam.

DP 2470 - Personal Services Reduction - The legislature reduced personal services in an amount equal to the value of 0.5 FTE that has been vacant for more than 12 months as of January 2, 2009.

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

“During the 2011 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility.”

“During the 2011 biennium, up to \$100,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project.”

“During the 2011 biennium, up to \$500,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects, and up to \$70,000 may be used for the support of the Upper Clark Fork Steering Committee or the Clark Fork River Task Force.”

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	7.50	7.50	6.00	6.00	7.50	6.00	(1.50)	(20.00%)
Personal Services	588,760	413,199	460,533	463,281	1,001,959	923,814	(78,145)	(7.80%)
Operating Expenses	129,537	53,850	130,849	131,108	183,387	261,957	78,570	42.84%
<b>Total Costs</b>	<b>\$718,297</b>	<b>\$467,049</b>	<b>\$591,382</b>	<b>\$594,389</b>	<b>\$1,185,346</b>	<b>\$1,185,771</b>	<b>\$425</b>	<b>0.04%</b>
General Fund	718,297	467,049	591,382	594,389	1,185,346	1,185,771	425	0.04%
<b>Total Funds</b>	<b>\$718,297</b>	<b>\$467,049</b>	<b>\$591,382</b>	<b>\$594,389</b>	<b>\$1,185,346</b>	<b>\$1,185,771</b>	<b>\$425</b>	<b>0.04%</b>

### Page Reference

Legislative Budget Analysis, C-275

### Funding

The commission is funded with general fund.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	718,297	718,297	1,436,594	121.15%	718,297	718,297	1,436,594	121.15%
Statewide PL Adjustments	3,022	7,400	10,422	0.88%	3,022	7,400	10,422	0.88%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	(129,937)	(131,308)	(261,245)	(22.03%)	(129,937)	(131,308)	(261,245)	(22.03%)
<b>Total Budget</b>	<b>\$591,382</b>	<b>\$594,389</b>	<b>\$1,185,771</b>		<b>\$591,382</b>	<b>\$594,389</b>	<b>\$1,185,771</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
FTE	-----Fiscal 2010-----				-----Fiscal 2011-----				
	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				26,314					30,603
Vacancy Savings				(24,604)					(24,774)
Inflation/Deflation				1,312					1,571
<b>Total Statewide Present Law Adjustments</b>	<b>\$3,022</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,022</b>		<b>\$7,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,400</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$3,022</b>	<b>\$0</b>	<b>\$3,022</b>	<b>0.00</b>	<b>\$7,400</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,400</b>

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2550 - RWRCC Staff Reduction (OTO)	25	(1.50)	(129,937)	0	0	(129,937)	(1.50)	(131,308)	0	0	(131,308)
<b>Total</b>	<b>(1.50)</b>	<b>(\$129,937)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$129,937)</b>	<b>(1.50)</b>	<b>(\$131,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$131,308)</b>	

DP 2550 - RWRCC Staff Reduction (OTO) – The legislature approved a reduction of 1.5 FTE from commission's base budget. This adjustment provides the budget authority needed to staff the commission with 6.0 FTE for two more years.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	293.37	293.37	306.19	306.19	293.37	306.19	12.82	4.37%
Personal Services	15,415,265	16,531,333	16,723,426	16,783,055	31,946,598	33,506,481	1,559,883	4.88%
Operating Expenses	6,768,623	7,519,652	8,192,978	8,240,208	14,288,275	16,433,186	2,144,911	15.01%
Equipment & Intangible Assets	1,014,138	989,435	1,071,448	1,071,107	2,003,573	2,142,555	138,982	6.94%
Capital Outlay	66,788	122,118	66,788	66,788	188,906	133,576	(55,330)	(29.29%)
Grants	184,491	184,491	184,491	184,491	368,982	368,982	0	0.00%
Transfers	959,895	977,351	1,218,390	1,228,444	1,937,246	2,446,834	509,588	26.30%
Debt Service	8,323	6,760	8,323	8,323	15,083	16,646	1,563	10.36%
<b>Total Costs</b>	<b>\$24,417,523</b>	<b>\$26,331,140</b>	<b>\$27,465,844</b>	<b>\$27,582,416</b>	<b>\$50,748,663</b>	<b>\$55,048,260</b>	<b>\$4,299,597</b>	<b>8.47%</b>
General Fund	8,864,201	9,236,242	10,017,778	10,082,373	18,100,443	20,100,151	1,999,708	11.05%
State Special	14,304,681	15,808,395	16,139,216	16,190,083	30,113,076	32,329,299	2,216,223	7.36%
Federal Special	1,248,641	1,286,503	1,308,850	1,309,960	2,535,144	2,618,810	83,666	3.30%
Other	0	0	0	0	0	0	0	n/a
<b>Total Funds</b>	<b>\$24,417,523</b>	<b>\$26,331,140</b>	<b>\$27,465,844</b>	<b>\$27,582,416</b>	<b>\$50,748,663</b>	<b>\$55,048,260</b>	<b>\$4,299,597</b>	<b>8.47%</b>

### Page Reference

Legislative Budget Analysis, C-278

### Funding

The Forestry Division is supported with a mix of general fund, state special revenue, and federal funding. General fund provides general division support as well as the fixed costs of the Fire and Aviation Management program. A transfer from the general fund is made to the proprietary fund, from which it is spent.

State special revenue support comes from forest improvement fees and forest protection fees. Forest improvement fees consist of \$25 for each slash hazard reduction agreement, and \$.060 per thousand board feet sold, plus any forfeited fire hazard reduction bonds. Fees are established when timber sales are approved based upon the state's projected costs of slash disposal, road maintenance, and reforestation.

The department is also required to collect up to one-third of the state's fire protection appropriation from private landowners through a forest protection fee. The other two-thirds are funded with general fund. The department is required to levy the tax so that collections equal the amount appropriated by the legislature.

The Trust Land Management Division is funded with trust fund revenue, timber sales, and forest resource fees. The remaining funding is from recreational use and resource development of state lands. Because funding for state lands is taken directly from revenues, any expenditure for administration of state lands is a direct reduction in trust income.

General fund is utilized for personal services for the management of non-trust state lands

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	8,864,201	8,864,201	17,728,402	88.20%	24,417,523	24,417,523	48,835,046	88.71%
Statewide PL Adjustments	831,613	881,988	1,713,601	8.53%	1,716,636	1,819,872	3,536,508	6.42%
Other PL Adjustments	163,209	178,744	341,953	1.70%	1,165,766	1,265,208	2,430,974	4.42%
New Proposals	158,755	157,440	316,195	1.57%	165,919	79,813	245,732	0.45%
<b>Total Budget</b>	<b>\$10,017,778</b>	<b>\$10,082,373</b>	<b>\$20,100,151</b>		<b>\$27,465,844</b>	<b>\$27,582,416</b>	<b>\$55,048,260</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,116,552					2,180,228
Vacancy Savings					(701,275)					(703,814)
Inflation/Deflation					273,357					323,310
Fixed Costs					28,002					20,148
<b>Total Statewide Present Law Adjustments</b>		<b>\$831,613</b>	<b>\$850,682</b>	<b>\$34,341</b>	<b>\$1,716,636</b>		<b>\$881,988</b>	<b>\$900,872</b>	<b>\$37,012</b>	<b>\$1,819,872</b>
DP 3501 - Forestry Operating Adjustment	0.00	224,759	108,901	34,310	367,970	0.00	249,520	128,542	33,969	412,031
DP 3521 - Trust Land Management Operating Adjustment	0.00	0	24,482	0	24,482	0.00	0	27,401	0	27,401
DP 3523 - Forest Improvement Projects and Monitoring	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 3552 - Restore Trust Land Mngmt Contract Harvesting Base	0.00	0	420,000	0	420,000	0.00	0	490,000	0	490,000
DP 3553 - Land Banking Base Restoration Private Funds - BIEN	0.00	0	122,000	0	122,000	0.00	0	122,000	0	122,000
DP 3554 - Land Exchange Base Restoration Private Funds	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 7101 - Fuel Inflation Reduction	0.00	(61,550)	(48,694)	(8,442)	(118,686)	0.00	(70,776)	(55,786)	(9,662)	(136,224)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$163,209</b>	<b>\$976,689</b>	<b>\$25,868</b>	<b>\$1,165,766</b>	<b>0.00</b>	<b>\$178,744</b>	<b>\$1,062,157</b>	<b>\$24,307</b>	<b>\$1,265,208</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$994,822</b>	<b>\$1,827,371</b>	<b>\$60,209</b>	<b>\$2,882,402</b>	<b>0.00</b>	<b>\$1,060,732</b>	<b>\$1,963,029</b>	<b>\$61,319</b>	<b>\$3,085,080</b>

DP 3501 - Forestry Operating Adjustment - The legislature approved an operating adjustment totaling \$367,970 in FY 2010 and \$412,031 in FY2011. This will cover increases in rental expense, fire protection contracted services, fire training, and equipment maintenance. The majority of the increase (\$258,495 in FY 2010 and \$268,549 in FY 2011) is for increased costs in the air operations program.

DP 3521 - Trust Land Management Operating Adjustment – The legislature approved restoring the base budget for weed control activities and for an increase in the operations budget for increased rent costs in Helena, Bozeman, Conrad, Dillon, Lewistown, Glasgow, Havre, Miles City, and the Billings offices. This state special revenue appropriation totals \$24,482 in FY 2010 and \$27,401 in FY 2011.

DP 3523 - Forest Improvement Projects and Monitoring – The legislature approved state special revenue for \$200,000 in both FY 2010 and FY 2011 to increase funding for forest improvement activities such as planting, thinning, slash control, and fire recovery due to increased wildfire activity, contractor costs, and higher harvest levels associated with the CY 2004 change in sustained yield. The goal of the increased funding is to reduce the backlog and improve the response when addressing wildfire recovery.

DP 3552 - Restore Trust Land Mngmt Contract Harvesting Base - The legislature approved a base adjustment for the Contract Harvesting Program. This will annualize program expenditures, as the FY 2008 base was limited due to the planned delay in program implementation.

DP 3553 - Land Banking Base Restoration Private Funds - BIEN – The legislature approved a biennial appropriation of \$244,000 state special revenue in the Land Banking Program. The preparation of the land for sale requires contracting for appraisals and archeological surveys. State law requires prospective purchasers to deposit funds for appraisals, archeological surveys, and advertising prior to the state incurring those costs.

DP 3554 - Land Exchange Base Restoration Private Funds - The legislature restored spending authority for private funds of \$150,000 each year in the land exchange program. State law requires prospective exchange agents to deposit funds for appraisals, archeological surveys, and advertising prior to the state incurring those costs. The legislature included \$50,000 each year from private fund authority to the Trust Administration Account to cover the costs of department initiated land exchange expenses.

DP 7101 - Fuel Inflation Reduction -This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	-----Fiscal 2010-----					-----Fiscal 2011-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 3503 - Engine Crew Extension	35	7.00	161,422	80,721	0	242,143	7.00	161,473	80,737	0	242,210
DP 3504 - Aviation Crew Coverage Extension	35	4.82	177,171	88,585	0	265,756	4.82	177,327	88,664	0	265,991
DP 3522 - Trust Land Management Database Upgrade – OTO/RST	35	0.00	0	65,000	0	65,000	0.00	0	65,000	0	65,000
DP 3524 - Forest Management Software Integration – OTO/RST	35	0.00	0	83,000	0	83,000	0.00	0	0	0	0
DP 3550 - NC Rural Fire Coordinator (RST)	35	1.00	37,067	18,534	0	55,601	1.00	37,159	18,579	0	55,738
DP 3570 - Personal Services Reduction	35	0.00	(20,887)	(10,759)	0	(31,646)	0.00	(20,913)	(10,775)	0	(31,688)
DP 6101 - Fixed Cost Workers Comp Management Program Allocat	35	0.00	6,903	5,132	0	12,035	0.00	5,986	4,451	0	10,437
DP 8101 - Increasing 4% Vacancy Savings to 7%	35	0.00	(202,921)	(323,049)	0	(525,970)	0.00	(203,592)	(324,283)	0	(527,875)
<b>Total</b>	<b>12.82</b>	<b>\$158,755</b>	<b>\$7,164</b>	<b>\$0</b>	<b>\$165,919</b>	<b>12.82</b>	<b>\$157,440</b>	<b>(\$77,627)</b>	<b>\$0</b>	<b>\$79,813</b>	

DP 3503 - Engine Crew Extension – The legislature approved an increase of DNRC seasonal engine crew staffing from 5 to 7 days per week coverage for the core portion of the fire season. This addition is projected to provide for increased initial attack success, and reduced overtime costs, and result in the probable prevention of two large (1,000+ acre) fires per year. The cost of this proposal is an increase of 7.00 FTE and \$242,143 in FY 2010 and \$242,210 in FY 2011 using two-thirds general fund and one-third fire protection fees.

DP 3504 - Aviation Crew Coverage Extension - The legislature approved an increase in seasonal pilots, helicopter managers, crew members, and fuel truck drivers to enable full utilization of the DNRC helicopter fleet during fire season. This proposal would allow seven day per week coverage for quick response every day during the fire season. The cost of this proposal is an increase of 4.82 FTE and \$265,756 in FY 2010 and \$265,991 in FY 2011 using two-thirds general fund and one-third state special revenue.

DP 3522 - Trust Land Management Database Upgrade – OTO/RST – The legislature approved a one-time-only \$65,000 addition of state special revenue in both FY 2010 and FY 2011 to cover programming costs to upgrade the Trust Land Management System (TLMS) to interface with server upgrades due to incompatibility issues.

DP 3524 - Forest Management Software Integration – OTO/RST– The legislature approved a one-time-only \$83,000 addition of state special revenue request in FY 2010 for contracted services to develop a user-friendly interface into the Trust Land Management System (TLMS). This interface will improve user access and integrate forest management software into TLMS.

DP 3550 - NC Rural Fire Coordinator (RST) - The legislature approved 1.0 FTE for a rural fire coordinator in NE Montana.

DP 3570 - Personal Services Reduction - The legislature reduced personal services in an amount equal to the value of 0.73 FTE that have been vacant for more than 12 months as of January 2, 2009.

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increasing 4% Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### **Proprietary Rates-Air Operations**

#### **Program Description**

The Air Operation Program manages six medium helicopters, one light helicopter, and three single engine fixed-wing airplanes. Aircraft are primarily used for fire detection, support and suppression of wildfires, and reclamation work in the Department of Environmental Quality.

The following decision packages were concurred in when rates for the program were approved.

DP 3504 - Aviation Crew Coverage Extension – Seasonal pilots, helicopter managers, crew members, and fuel truck drivers were added to enable full utilization of the DNRC helicopter fleet during fire season. 1.97 FTE is be funded from the air operations fund.

DP 6101 - Fixed Cost Workers Comp Management Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

**Proprietary Rates**

The following rates were approved for the 2011 Biennium:

	<u>FY 2010</u>	<u>FY 2011</u>
Bell UH-1 Helicopter	\$1210	\$1210
Jet Ranger Helicopter	\$515	\$515
Cessna 180 Airplane	\$170	\$170

**Agency Budget Comparison**

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	115.54	115.54	120.54	120.54	115.54	120.54	5.00	4.33%
Personal Services	5,137,987	6,156,419	6,421,261	6,434,123	11,294,406	12,855,384	1,560,978	13.82%
Operating Expenses	2,883,500	3,404,253	4,352,561	4,090,259	6,287,753	8,442,820	2,155,067	34.27%
Equipment & Intangible Assets	207,276	277,025	720,876	350,876	484,301	1,071,752	587,451	121.30%
Grants	4,482,273	4,659,119	6,123,078	6,126,828	9,141,392	12,249,906	3,108,514	34.00%
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	2,281	2,282	2,281	2,281	4,563	4,562	(1)	(0.02%)
<b>Total Costs</b>	<b>\$12,713,317</b>	<b>\$14,499,098</b>	<b>\$17,620,057</b>	<b>\$17,004,367</b>	<b>\$27,212,415</b>	<b>\$34,624,424</b>	<b>\$7,412,009</b>	<b>27.24%</b>
General Fund	781,165	910,664	1,384,282	1,344,929	1,691,829	2,729,211	1,037,382	61.32%
State Special	9,343,877	10,489,602	13,231,271	12,662,019	19,833,479	25,893,290	6,059,811	30.55%
Federal Special	2,195,170	2,638,954	2,395,251	2,386,774	4,834,124	4,782,025	(52,099)	(1.08%)
Other	393,105	459,878	609,253	610,645	852,983	1,219,898	366,915	43.02%
<b>Total Funds</b>	<b>\$12,713,317</b>	<b>\$14,499,098</b>	<b>\$17,620,057</b>	<b>\$17,004,367</b>	<b>\$27,212,415</b>	<b>\$34,624,424</b>	<b>\$7,412,009</b>	<b>27.24%</b>

**Page Reference**

Legislative Budget Analysis, C-295

**Executive Budget Comparison**

The following table compares the proposed budget in the 2011 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2008	Executive Budget Fiscal 2010	Legislative Budget Fiscal 2010	Leg – Exec. Difference Fiscal 2010	Executive Budget Fiscal 2011	Legislative Budget Fiscal 2011	Leg – Exec. Difference Fiscal 2011	Biennium Difference Fiscal 10-11
FTE	115.54	120.54	120.54	0.00	120.54	120.54	0.00	
Personal Services	5,137,987	6,421,261	6,421,261	0	6,434,123	6,434,123	0	0
Operating Expenses	2,883,500	4,423,604	4,352,561	(71,043)	4,161,302	4,090,259	(71,043)	(142,086)
Equipment & Intangible Assets	207,276	720,876	720,876	0	350,876	350,876	0	0
Grants	4,482,273	6,123,078	6,123,078	0	6,126,828	6,126,828	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	2,281	2,281	2,281	0	2,281	2,281	0	0
<b>Total Costs</b>	<b>\$12,713,317</b>	<b>\$17,691,100</b>	<b>\$17,620,057</b>	<b>(\$71,043)</b>	<b>\$17,075,410</b>	<b>\$17,004,367</b>	<b>(\$71,043)</b>	<b>(\$142,086)</b>
General Fund	781,165	1,405,325	1,384,282	(21,043)	1,365,972	1,344,929	(21,043)	(42,086)
State/Other Special	9,343,877	13,281,271	13,231,271	(50,000)	12,712,019	12,662,019	(50,000)	(100,000)
Federal Special	2,195,170	2,395,251	2,395,251	0	2,386,774	2,386,774	0	0
Proprietary	393,105	609,253	609,253	0	610,645	610,645	0	0
<b>Total Funds</b>	<b>\$12,713,317</b>	<b>\$17,691,100</b>	<b>\$17,620,057</b>	<b>(\$71,043)</b>	<b>\$17,075,410</b>	<b>\$17,004,367</b>	<b>(\$71,043)</b>	<b>(\$142,086)</b>

The legislature approved a biennial budget \$142,000 lower than the executive request. This is a result of a 2 percent agency wide general fund reduction of \$42,086 and a reduction of \$100,000 in the Growth Through Agriculture program.

**Agency Highlights**

<b>Department of Agriculture Major Budget Highlights</b>	
<ul style="list-style-type: none"> <li>◆ The biennial budget is \$7.4 million or 27.2 percent higher than the previous biennium</li> <li>◆ The increase includes \$1.0 million in one-time-only adjustments: <ul style="list-style-type: none"> <li>• \$0.2 million for computer system enhancements</li> <li>• \$0.3 million for laboratory equipment</li> <li>• \$0.5 million for Growth Through Agriculture grants</li> </ul> </li> <li>◆ Major on-going increases include: <ul style="list-style-type: none"> <li>• Base adjustments of \$1.7 million</li> <li>• Expansion of the Wheat and Barley program of \$2.4 million</li> </ul> </li> </ul>	

**Agency Discussion***Recommended Companion Legislation:*

The Alfalfa Leaf Cutting Bee would be removed from an enterprise fund to state special revenue fund.

*Recommendations for Funding in the Stimulus Bill: None**Goals and Objectives*

The legislature recommends that the Legislative Finance Committee monitor the following in the 2011 biennium.

All employees of the state grain lab will have a biennial professional development plan detailing requirements for continuing education in place by July 1, 2009. Ninety-five percent of all employees will meet their training and certification requirements by June 30, 2011.

New employees of the state grain lab will have a biennial professional development plan detailing requirements for continuing education within 60 days of hire. All new hires will meet their training and certification requirements by June 30, 2011.

All professional development plans and outcomes will be reviewed on an annual basis to adjust as needed to assure professional development needs are being met.

**Funding**

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2011 Biennium Budget							
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %	
15 Centralized Services Division	\$ 313,818	\$ 1,729,793	\$ 301,341	\$ 284,695	\$ 2,629,647	7.59%	
30 Agricultural Sciences Division	1,286,810	13,307,819	4,400,165	-	18,994,794	54.86%	
50 Agricultural Development Division	<u>1,128,583</u>	<u>10,855,678</u>	<u>80,519</u>	<u>935,203</u>	<u>12,999,983</u>	<u>37.55%</u>	
Grand Total	<u>2,729,211</u>	<u>25,893,290</u>	<u>4,782,025</u>	<u>1,219,898</u>	<u>34,624,424</u>	100.00%	

The Department of Agriculture is funded from general fund, state special revenue, federal special revenue, and proprietary funds. State special revenue is primarily fees charged for evaluation, promotion, research, or marketing of various agricultural products. Proprietary funds are excluded from the above agency proposed budget table and HB 2. However, proprietary funds are discussed in the various programs in the department that use proprietary funds.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	781,165	781,165	1,562,330	57.24%	12,713,317	12,713,317	25,426,634	73.44%
Statewide PL Adjustments	101,606	62,559	164,165	6.02%	1,344,403	1,322,886	2,667,289	7.70%
Other PL Adjustments	26,549	26,484	53,033	1.94%	1,533,558	1,170,336	2,703,894	7.81%
New Proposals	474,962	474,721	949,683	34.80%	2,028,779	1,797,828	3,826,607	11.05%
<b>Total Budget</b>	<b>\$1,384,282</b>	<b>\$1,344,929</b>	<b>\$2,729,211</b>		<b>\$17,620,057</b>	<b>\$17,004,367</b>	<b>\$34,624,424</b>	

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	14.00	14.00	15.00	15.00	14.00	15.00	1.00	7.14%
Personal Services	818,469	833,004	964,709	967,949	1,651,473	1,932,658	281,185	17.03%
Operating Expenses	175,621	243,565	484,935	212,054	419,186	696,989	277,803	66.27%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$994,090</b>	<b>\$1,076,569</b>	<b>\$1,449,644</b>	<b>\$1,180,003</b>	<b>\$2,070,659</b>	<b>\$2,629,647</b>	<b>\$558,988</b>	<b>27.00%</b>
General Fund	94,194	141,744	176,902	136,916	235,938	313,818	77,880	33.01%
State Special	715,768	745,460	974,719	755,074	1,461,228	1,729,793	268,565	18.38%
Federal Special	96,144	97,152	155,672	145,669	193,296	301,341	108,045	55.90%
Other	87,984	92,213	142,351	142,344	180,197	284,695	104,498	57.99%
<b>Total Funds</b>	<b>\$994,090</b>	<b>\$1,076,569</b>	<b>\$1,449,644</b>	<b>\$1,180,003</b>	<b>\$2,070,659</b>	<b>\$2,629,647</b>	<b>\$558,988</b>	<b>27.00%</b>

### Page Reference

Legislative Budget Analysis, C-299

### Funding

The Centralized Services Division (CSD) is funded from an indirect cost reimbursement from federal grants administered by the agency, an administrative assessment charged to state special and proprietary revenues supporting the two line divisions of the agency, and the state general fund. State general fund is used to account for any difference between the assessed amount and the budgeted expenditures for the CSD.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	94,194	94,194	188,388	60.03%	994,090	994,090	1,988,180	75.61%
Statewide PL Adjustments	29,231	(10,531)	18,700	5.96%	186,542	147,496	334,038	12.70%
Other PL Adjustments	(3)	(4)	(7)	0.00%	9,955	9,948	19,903	0.76%
New Proposals	53,480	53,257	106,737	34.01%	259,057	28,469	287,526	10.93%
<b>Total Budget</b>	<b>\$176,902</b>	<b>\$136,916</b>	<b>\$313,818</b>		<b>\$1,449,644</b>	<b>\$1,180,003</b>	<b>\$2,629,647</b>	

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					165,111					168,574
Vacancy Savings					(39,344)					(39,482)
Inflation/Deflation					477					619
Fixed Costs					60,298					17,785
<b>Total Statewide Present Law Adjustments</b>		<b>\$29,231</b>	<b>\$56,636</b>	<b>\$42,812</b>	<b>\$186,542*</b>		<b>(\$10,531)</b>	<b>\$57,292</b>	<b>\$42,844</b>	<b>\$147,496*</b>
DP 1501 - Program 15 Base Budget Adjustments	0.00	0	0	10,000	10,000	0.00	0	0	10,000	10,000
DP 7101 - Fuel Inflation Reduction	0.00	(3)	(29)	(6)	(45)*	0.00	(4)	(36)	(6)	(52)*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>(\$3)</b>	<b>(\$29)</b>	<b>\$9,994</b>	<b>\$9,955*</b>	<b>0.00</b>	<b>(\$4)</b>	<b>(\$36)</b>	<b>\$9,994</b>	<b>\$9,948*</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$29,228</b>	<b>\$56,607</b>	<b>\$52,806</b>	<b>\$196,497*</b>	<b>0.00</b>	<b>(\$10,535)</b>	<b>\$57,256</b>	<b>\$52,838</b>	<b>\$157,444*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1501 - Program 15 Base Budget Adjustments - The legislature approved \$10,000 of federal special revenue each year of the biennium to restore travel (\$7,000) and training (\$3,000) to base amounts due to vacancies in the Central Services Division.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1503 - Network Administrator	15	1.00	54,774	0	0	54,774	1.00	54,791	0	0	54,791
DP 1504 - Grant Application Management System - Bien - OTO	15	0.00	0	60,000	0	60,000	0.00	0	0	0	0
DP 1505 - Content Management System for AGR.MT.GOV -Bien-OTO	15	0.00	0	40,000	10,000	50,000	0.00	0	0	0	0
DP 1506 - Web Based AG Product Registration System-Bien- OTO	15	0.00	0	120,000	0	120,000	0.00	0	0	0	0
DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation	15	0.00	844	2,412	283	3,784*	0.00	693	2,123	250	3,281*
DP 8101 - Increase Vacancy Savings to 7%	15	0.00	(2,138)	(20,068)	(3,561)	(29,501)*	0.00	(2,227)	(20,073)	(3,563)	(29,603)*
<b>Total</b>	<b>1.00</b>	<b>\$53,480</b>	<b>\$202,344</b>	<b>\$6,722</b>	<b>\$259,057*</b>	<b>1.00</b>	<b>\$53,257</b>	<b>(\$17,950)</b>	<b>(\$3,313)</b>	<b>\$28,469*</b>	

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1503 - Network Administrator - The legislature approved \$54,774 in FY 2010 and \$54,791 in FY 2011 general fund for 1.00 FTE and operating expenses for a network administrator position. The 2007 Legislature approved this position as one-time-only for the 2009 biennium.

DP 1504 - Grant Application Management System - Bien - OTO - The legislature approved a \$60,000 biennial one-time-only state special revenue appropriation for an off the shelf grant application management software that would utilize information technology to improve the business processes within the Noxious Weed and Growth Through Agriculture programs. This request is funded equally with the noxious weed and coal tax shared revenue funds.

DP 1505 - Content Management System for AGR.MT.GOV -Bien-OTO - The legislature approved a \$50,000 biennial one-time-only state special revenue (\$40,000) and federal special revenue (\$10,000) appropriation to implement a content management system to assist in updating information on the department's web site. This addition is funded with wheat and barley research, and pesticide and pesticide ground water funds, as well as federal funding.

DP 1506 - Web Based AG Product Registration System-Bien- OTO - The legislature approved a \$120,000 biennial one-time-only state special revenue appropriation for upgrading an existing licensing and registration system to allow web based product and apiary registrations. This request is funded with commercial fertilizer, commercial feed, and pesticide and pesticide ground water funds.

DP 6101 - Fixed Cost Workers Comp Mgmt Program Allocation - Funding was approved as a fixed cost for agencies to pay fees, based on the average number of payroll warrants issued per pay period, to support the worker's compensation management program in the Department of Administration.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	63.17	63.17	66.17	66.17	63.17	66.17	3.00	4.75%
Personal Services	3,079,773	3,533,944	3,695,588	3,702,328	6,613,717	7,397,916	784,199	11.86%
Operating Expenses	1,286,857	1,478,902	1,734,165	1,738,249	2,765,759	3,472,414	706,655	25.55%
Equipment & Intangible Assets	207,276	215,934	650,876	280,876	423,210	931,752	508,542	120.16%
Grants	3,219,520	3,608,848	3,594,075	3,594,075	6,828,368	7,188,150	359,782	5.27%
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	2,281	2,282	2,281	2,281	4,563	4,562	(1)	(0.02%)
<b>Total Costs</b>	<b>\$7,795,707</b>	<b>\$8,839,910</b>	<b>\$9,676,985</b>	<b>\$9,317,809</b>	<b>\$16,635,617</b>	<b>\$18,994,794</b>	<b>\$2,359,177</b>	<b>14.18%</b>
General Fund	297,219	354,599	643,198	643,612	651,818	1,286,810	634,992	97.42%
State Special	5,414,738	5,968,637	6,834,468	6,473,351	11,383,375	13,307,819	1,924,444	16.91%
Federal Special	2,083,750	2,516,674	2,199,319	2,200,846	4,600,424	4,400,165	(200,259)	(4.35%)
<b>Total Funds</b>	<b>\$7,795,707</b>	<b>\$8,839,910</b>	<b>\$9,676,985</b>	<b>\$9,317,809</b>	<b>\$16,635,617</b>	<b>\$18,994,794</b>	<b>\$2,359,177</b>	<b>14.18%</b>

### Page Reference

Legislative Budget Analysis, C-304

### Funding

The division (ASD) is funded from state general fund, state special revenue, federal funds, and proprietary funds. The proprietary funds are an enterprise account and do not receive a direct appropriation in this bill.

General fund is used to support the Bovine Spongiform Encephalopathy (BSE) feed sampling program, including laboratory costs.

State special revenue, the largest funding source for the division, is primarily fees assessed for regulatory activities, product registration, and technical services.

Federal special revenue includes funds from the US Forest Service, US Department of Agriculture, and the Environmental Protection Agency. Federal funds support noxious weed mitigation and portions of the BSE feed sampling program.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	297,219	297,219	594,438	46.19%	7,795,707	7,795,707	15,591,414	82.08%
Statewide PL Adjustments	15,422	15,909	31,331	2.43%	650,312	662,881	1,313,193	6.91%
Other PL Adjustments	2,576	2,515	5,091	0.40%	591,254	219,798	811,052	4.27%
New Proposals	327,981	327,969	655,950	50.97%	639,712	639,423	1,279,135	6.73%
<b>Total Budget</b>	<b>\$643,198</b>	<b>\$643,612</b>	<b>\$1,286,810</b>		<b>\$9,676,985</b>	<b>\$9,317,809</b>	<b>\$18,994,794</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					731,083					741,290
Vacancy Savings					(152,434)					(152,840)
Inflation/Deflation					13,422					15,356
Fixed Costs					58,241					59,075
<b>Total Statewide Present Law Adjustments</b>		<b>\$15,422</b>	<b>\$513,457</b>	<b>\$121,433</b>	<b>\$650,312</b>		<b>\$15,909</b>	<b>\$523,606</b>	<b>\$123,366</b>	<b>\$662,881</b>
DP 3001 - Program 30 Base Budget Adjustments	0.00	3,000	248,100	0	251,100	0.00	3,000	228,100	0	231,100
DP 3002 - Analytical Lab Equipment - Bien - OTO	0.00	0	350,000	0	350,000	0.00	0	0	0	0
DP 7101 - Fuel Inflation Reduction	0.00	(424)	(6,691)	(2,731)	(9,846)	0.00	(485)	(7,681)	(3,136)	(11,302)
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$2,576</b>	<b>\$591,409</b>	<b>(\$2,731)</b>	<b>\$591,254</b>	<b>0.00</b>	<b>\$2,515</b>	<b>\$220,419</b>	<b>(\$3,136)</b>	<b>\$219,798</b>
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$17,998</b>	<b>\$1,104,866</b>	<b>\$118,702</b>	<b>\$1,241,566</b>	<b>0.00</b>	<b>\$18,424</b>	<b>\$744,025</b>	<b>\$120,230</b>	<b>\$882,679</b>

DP 3001 - Program 30 Base Budget Adjustments - The legislature’s approval of base adjustments includes \$251,100 FY 2010 and \$231,100 FY 2011 general, state special revenue, and proprietary funds as follows:

- o BSE Inspections Program \$3,000 general fund per year increase for new office rent in Havre
- o Mint Program revenues of \$10,350 for contract services/research and Mint Committee per diem
- o Noxious Weed Management Program \$52,050 state special revenue to re-establish advisory council per diem and meeting costs, supplies, and travel
- o Anhydrous Ammonia Program \$4,000 of assessment fees for field inspection supplies and travel
- o Manual Training Program state special revenue \$2,000 per year for printing training manuals
- o Groundwater Program \$53,500 of product registration fees for contracted services, field supplies, printing services, MSU utilities for the Analytical Laboratory in Bozeman, and a replacement vehicle
- o Pesticide Program adjustments including \$89,000 of state special revenue for private pesticide applicator training, MSU utilities for the Analytical Laboratory in Bozeman, travel, field supplies and a replacement vehicle in FY 2010 only
- o Commodity Warehouse Program \$6,000 for travel and new office rent in Forsyth
- o Produce Program \$9,700 for printed forms, per diem, travel, and field office rent
- o Seed Program \$6,000 for MSU Seed Lab sample fees and travel
- o Noxious Weed Seed Free Forage Program \$2,500 for twine and twine storage

Category	FY 2010	FY 2011	Biennial
<b>Expenditures</b>			
61300 Other Compensation	\$5,600	\$5,600	\$11,200
62100 Other Services	71,500	71,500	143,000
62200 Supplies & Materials	33,000	33,000	66,000
62400 Travel	51,500	51,500	103,000
62500 Rent	9,500	9,500	19,000
62600 Utilities	50,000	50,000	100,000
63100 Equipment	30,000	10,000	40,000
Total Expenditures	<u>\$251,100</u>	<u>\$231,100</u>	<u>\$482,200</u>
<b>Funding</b>			
01100 General Fund	\$3,000	\$3,000	\$6,000
02037 Mint Committee	10,350	10,350	20,700
02068 Noxious Weed Admin Account	52,050	52,050	104,100
02071 Anhydrous Ammonia Account	4,000	4,000	8,000
02072 Manuals & Training Account	2,000	2,000	4,000
02192 Pesticide Groundwater Account	53,500	53,500	107,000
02193 Pesticide Account	89,000	69,000	158,000
02266 Commodity Dealer/Warehouse	6,000	6,000	12,000
02268 Produce Account	9,700	9,700	19,400
02269 Seed Account	6,000	6,000	12,000
02341 Weed Seed Free Forage Account	2,500	2,500	5,000
02452 Commercial Fertilizer	9,000	9,000	18,000
02454 Commercial Feed	4,000	4,000	8,000
Total Funds	<u>\$251,100</u>	<u>\$231,100</u>	<u>\$482,200</u>

- Fertilizer Program \$9,000 for field inspection supplies and travel
- Feed Program \$4,000 for field inspection supplies and travel

DP 3002 - Analytical Lab Equipment - Bien - OTO - The legislature approved \$350,000 one-time-only biennial state special revenue authority to purchase a replacement Micromass Quattro Ultima LC/MS/MS instrument used for testing metabolite residues in pesticide and groundwater samples for the Analytical Laboratory in Bozeman. This would expand the lab’s ability to report on metabolite residues and which may result in lower pesticide reporting and providing more helpful information to program regulators for decision making.

DP 7101 - Fuel Inflation Reduction - This reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

Program	FTE	Fiscal 2010				Fiscal 2011					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 3003 - Continue Noxious Weed Trust Fund Grants Increase	30	1.00	0	420,541	0	420,541	1.00	0	420,565	0	420,565
DP 3005 - Invasive Species Advisory Council (Requires Legislation)	30	2.00	333,500	0	0	333,500	2.00	333,500	0	0	333,500
DP 8101 - Increase Vacancy Savings to 7%	30	0.00	(5,519)	(105,677)	(3,133)	(114,329)	0.00	(5,531)	(105,977)	(3,134)	(114,642)
<b>Total</b>	<b>3.00</b>	<b>\$327,981</b>	<b>\$314,864</b>	<b>(\$3,133)</b>	<b>\$639,712</b>	<b>3.00</b>	<b>\$327,969</b>	<b>\$314,588</b>	<b>(\$3,134)</b>	<b>\$639,423</b>	

DP 3003 - Continue Noxious Weed Trust Fund Grants Increase - The legislature approved \$420,000 of state special revenue each year of the biennium to continue the Noxious Weed Trust Fund grants at levels established during the 2007 Legislature and approved as one-time only. This includes funding for 1.00 FTE to assist in managing and monitoring grant projects and the increase in program costs attributed to the increase of the noxious weed trust fund by \$5 million.

DP 3005 - Invasive Species Advisory Council - The legislature approved 2.0 FTE and \$333,500 general fund each year of the biennium to fund the Invasive Species Advisory Council and its efforts to stop the spread of invasive species in Montana.

*The following information was provided so that the legislature could consider various performance measurement principles when it examined this proposal. It is as submitted by the agency, with editing by the LFD staff as necessary for brevity and clarity.*

**Justification**

This proposal is submitted to provide authority to address the threat of invasive species, a mechanism to coordinate the state’s efforts, and a state strategic plan. Agencies responsible for combating invasive species have identified areas of authority they lack to prevent the introduction and the ability to respond to the presence of these species. Existing state, federal, and private efforts could be enhanced and more effective if they were coordinated rather than limited (time, people, and funding) individual efforts. Development of the advisory council will serve as the infrastructure needed to coordinate the existing efforts and plan for future needs. A strategic plan is needed to identify and prioritize threats; determine appropriate plans of actions including public awareness, education, prevention, detection (surveying and monitoring), emergency response, management and control, and restoration; coordinate mechanisms; and coordinate resource needs (funding).

**Project Outcomes**

- Create an advisory council
- Grant additional authority needed to effectively prevent, respond to, control, and manage invasive species

- Provide a mechanism of collaboration and coordination of invasive species efforts in the state
- Develop a state invasive species strategic plan to guide the state's efforts
- Increase awareness and engage the public

#### Performance Criteria

Key progress points include the creation of an advisory council; successful recruitment of 2.00 FTE, an administrative specialist and an administrative assistant; and completion of a statewide invasive species strategic plan.

Progress may also be measured through:

- Administrative rulemaking undertaken
- Education/training efforts completed
- Awareness products produced, i.e., brochures, factsheets, website development, billboards
- Surveys conducted
- Inspections completed
- Check stations conducted
- Management areas designated
- Meetings attended (to coordinate, collaborate, and act as a liaison)
- Prevention of invasive species introductions
- Invasive species eradicated, controlled, or managed
- State agency actions completed, i.e., processing of requests such as petitions for noxious weed listing and exotic animal classification decisions

Milestones	<u>Expected Completion Date</u>
Creation of the Montana Invasive Species Advisory Council	July 2009*
Recruitment of administrative specialist and administrative support	July 2009
Identification of immediate threats	December 2009
Awareness/outreach strategy	March 2010
Statewide strategic plan	December 2010
Administrative rule making	June 2011, then as needed
Check stations	On-going, seasonal
Management area designations	On-going, as needed
Coordination/collaboration	On-going
Response to invasive species	On-going

\*Assumes an effective legislation date of July 1, 2009

#### FTE

The work will be completed by the newly formed Montana Invasive Species Advisory Council. The advisory council will be administratively attached to the MDA and staffed by an administrative specialist and administrative assistant whose primary responsibilities will be to accomplish the goals of the council.

#### Funding

The funding is proposed as a one-time-only general fund appropriation. It is estimated that the Invasive Species Advisory Council and staff functions will be ongoing. Costs in the 2013 biennium to the general fund are estimated to be \$500,000 each year.

#### Obstacles

Challenges to implementing this proposal include:

- Coordinating individuals, organizations, and agencies involved in invasive species within the state and the regional and national level
- Effectively educating and engaging the public
- Managing invasive species entry points into the state

- Adequately funding invasive species efforts, particularly those related to emergency response

Risk  
If the proposal is not adopted, the infrastructure will not be established and a well coordinated effort will not be realized. The proposal includes the completion of an invasive species statewide strategic plan to guide the state. If the proposal is not adopted, a statewide strategic plan will not be completed. The proposal identifies the needed funding to accomplish the purpose of the proposal. If the proposal is not adopted, the funding will not be available.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

### **Proprietary Rates**

#### **Proprietary Program Description**

The alfalfa leaf cutting bee is an enterprise program established in Title 80, Chapter 6, Part 11, MCA. The subcommittee determined that this program does not meet the intent of an enterprise program and is proposing a change in statute in the HB 2 companion bill that would establish this fund as a state special revenue account and for appropriating the expenditures in HB 2.

### Program Budget Comparison

The following table summarizes the total proposed budget for the agency by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	38.37	38.37	39.37	39.37	38.37	39.37	1.00	2.61%
Personal Services	1,239,745	1,789,471	1,760,964	1,763,846	3,029,216	3,524,810	495,594	16.36%
Operating Expenses	1,421,022	1,681,786	2,133,461	2,139,956	3,102,808	4,273,417	1,170,609	37.73%
Equipment & Intangible Assets	0	61,091	70,000	70,000	61,091	140,000	78,909	129.17%
Grants	1,262,753	1,050,271	2,529,003	2,532,753	2,313,024	5,061,756	2,748,732	118.84%
Benefits & Claims	0	0	0	0	0	0	0	n/a
<b>Total Costs</b>	<b>\$3,923,520</b>	<b>\$4,582,619</b>	<b>\$6,493,428</b>	<b>\$6,506,555</b>	<b>\$8,506,139</b>	<b>\$12,999,983</b>	<b>\$4,493,844</b>	<b>52.83%</b>
General Fund	389,752	414,321	564,182	564,401	804,073	1,128,583	324,510	40.36%
State Special	3,213,371	3,775,505	5,422,084	5,433,594	6,988,876	10,855,678	3,866,802	55.33%
Federal Special	15,276	25,128	40,260	40,259	40,404	80,519	40,115	99.28%
Other	305,121	367,665	466,902	468,301	672,786	935,203	262,417	39.00%
<b>Total Funds</b>	<b>\$3,923,520</b>	<b>\$4,582,619</b>	<b>\$6,493,428</b>	<b>\$6,506,555</b>	<b>\$8,506,139</b>	<b>\$12,999,983</b>	<b>\$4,493,844</b>	<b>52.83%</b>

### Page Reference

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### Funding

General fund supports division administration, agricultural markets, and agriculture statistic functions.

State and other special revenue consist of wheat and barley sales taxes, coal severance tax collections, grain testing fees, alfalfa seed assessments, private donations, income tax check offs for Agriculture in Montana Schools, and interest earnings. The Growth Through Agriculture (GTA) program receives a share of 5.46 percent of coal severance tax collections to fund grants and operations of the Agriculture Development Council for the Montana Growth Through Agriculture Act.

Federal special revenue is from federal grants used to develop agriculture markets, marketing projects, and related operating costs.

Proprietary funds are from hail insurance and are used to pay the administrative costs of the Hail Insurance Program.

### Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	389,752	389,752	779,504	69.07%	3,923,520	3,923,520	7,847,040	60.36%
Statewide PL Adjustments	56,953	57,181	114,134	10.11%	507,549	512,509	1,020,058	7.85%
Other PL Adjustments	23,976	23,973	47,949	4.25%	932,349	940,590	1,872,939	14.41%
New Proposals	93,501	93,495	186,996	16.57%	1,130,010	1,129,936	2,259,946	17.38%
<b>Total Budget</b>	<b>\$564,182</b>	<b>\$564,401</b>	<b>\$1,128,583</b>		<b>\$6,493,428</b>	<b>\$6,506,555</b>	<b>\$12,999,983</b>	

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2010-----					-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					543,134	0.00				546,210
Vacancy Savings					(71,318)	0.00				(71,438)
Inflation/Deflation					3,498	0.00				3,901
Fixed Costs					32,235	0.00				33,836
<b>Total Statewide Present Law Adjustments</b>		<b>\$56,953</b>	<b>\$328,986</b>	<b>(\$16)</b>	<b>\$507,549*</b>	<b>0.00</b>	<b>\$57,181</b>	<b>\$332,303</b>	<b>(\$17)</b>	<b>\$512,509*</b>
					0	0.00				0
DP 5001 - Program 50 Base Budget Adjustments										
	0.00	24,000	584,950	25,000	684,100*	0.00	24,000	593,450	25,000	692,600*
DP 5006 - GTA Act Coal Severance Tax -OTO/R										
	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 7101 - Fuel Inflation Reduction										
	0.00	(24)	(1,727)	0	(1,751)	0.00	(27)	(1,983)	0	(2,010)
					0	0.00				0
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$23,976</b>	<b>\$833,223</b>	<b>\$25,000</b>	<b>\$932,349*</b>	<b>0.00</b>	<b>\$23,973</b>	<b>\$841,467</b>	<b>\$25,000</b>	<b>\$940,590*</b>
					0	0.00				0
<b>Grand Total All Present Law Adjustments</b>	<b>0.00</b>	<b>\$80,929</b>	<b>\$1,162,209</b>	<b>\$24,984</b>	<b>\$1,439,898*</b>	<b>0.00</b>	<b>\$81,154</b>	<b>\$1,173,770</b>	<b>\$24,983</b>	<b>\$1,453,099*</b>

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

**DP 5001 - Program 50 Base Budget Adjustments** - The legislature approved \$684,100 FY 2010 and \$692,600 FY 2011 general, state special revenue and proprietary funds for base budget adjustments within the division as follows:

- o Agriculture Marketing \$24,000 per year in general fund for overtime, travel, and meeting expenses, \$25,000 for federal grant assistance
- o The Wheat & Barley Committee \$490,000 state special revenue funding per year to restore the base budget authority for committee per diem, overtime, contracts, equipment, and grants
- o Agricultural Statistics \$16,000 state special revenue per year for printing and supplies
- o Agriculture in Montana Schools; \$10,000 per year state special revenue funding for overtime and contracted temporary services
- o The State Grain Laboratory (SGL) \$46,000 state special revenue funding each year of the biennium for overtime, supplies, travel, and equipment
- o Alfalfa Seed Assessment \$15,200 state special revenue funding each year to restore the Alfalfa Seed Committee member per diem and research grants
- o Hail Insurance \$50,150 enterprise funding each year to restore the Board of Hail Insurance per diem, supplies, and travel
- o Certified Natural Beef Marketing \$7,750 in FY 2010 and \$16,250 in FY 2011 to establish base for contracts, printing, travel, meeting expenses, and grant assistance

**DP 5006 - GTA Act Coal Severance Tax -OTO/R** - The legislature approved \$250,000 in authority each year of the biennium from the coal severance tax shared state special revenue fund for the Montana Growth Through Agriculture program. This is one-time-only funding requiring a report back to the legislature on measurable outcomes resulting from this appropriation.

**DP 7101 - Fuel Inflation Reduction** - This addition reduces funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

**New Proposals**

New Proposals	-----Fiscal 2010-----					-----Fiscal 2011-----					
	Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5009 - State Grain Lab Funding Switch	50	0.00	125,000	(125,000)	0	0	0.00	125,000	(125,000)	0	0
DP 5010 - Increase Wheat and Barley Authority	50	1.00	0	1,204,543	0	1,204,543	1.00	0	1,204,559	0	1,204,559
DP 6105 - Unspecified 2% reduction	50	0.00	(21,043)	0	0	(21,043)	0.00	(21,043)	0	0	(21,043)
DP 8101 - Increase Vacancy Savings to 7%	50	0.00	(10,456)	(33,039)	0	(53,490)*	0.00	(10,462)	(33,106)	0	(53,580)*
<b>Total</b>	<b>1.00</b>	<b>\$93,501</b>	<b>\$1,046,504</b>	<b>\$0</b>	<b>\$1,130,010*</b>	<b>1.00</b>	<b>\$93,495</b>	<b>\$1,046,453</b>	<b>\$0</b>	<b>\$1,129,936*</b>	

\* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 5009 - State Grain Lab Funding Switch - The legislature approved \$125,000 general fund each year of the biennium to support the State Grain Lab.

DP 5010 - Increase Wheat and Barley Authority - The legislature improved an increase in state special revenue funding of \$1,204,543 in FY 2010 and \$1,204,559 in FY 2011 to support wheat and barley production in Montana. This request includes converting 1.00 modified FTE to permanent, one vehicle replacement per year, increased travel, contracts and training, as well as increased grant authority.

DP 6105 - Unspecified 2% reduction - This item provides an unspecified reduction in general fund of 2 percent for the agency. Language included in the bill allows the agency to allocate the reduction in funding among programs when developing 2011 biennium operating plans.

DP 8101 - Increase Vacancy Savings to 7% - This adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

**Language and Statutory Authority**

Agricultural Development Division includes a reduction in general fund money of \$21,043 in fiscal year 2010 and \$21,043 in fiscal year 2011. The agency may allocate these reductions in funding among programs when developing 2011 biennium operating plans.